

A water cannon led a procession of police vehicles in Gdansk on Friday, when riot police clashed with tens of thousands

of Solidarity supporters in Gdansk, Warsaw, Krakow and Wroclaw. The photograph was made from a television picture.

United Press International

## Polish Archbishop, on Eve of Planned Protests, Asks Dialogue Between Authorities, Dissidents

The Associated Press

WARSAW — On the eve of a crucial test of strength for underground activists of the suspended labor movement "Solidarity," Poland's Roman Catholic primate, Archbishop Józef Glemp, appealed on Sunday for dialogue between Poland's martial law authorities and dissidents.

Archbishop Glemp, speaking to more than 130,000 pilgrims at Jasna Góra monastery in the shrine city of Częstochowa, said the dialogue must eliminate what he termed "hatred, which sometimes can be invisible but still exists when people keep silent and grind their teeth."

Meanwhile, as uniformed authorities watched, Poles calmly placed flowers and sang hymns Sunday at memorials to previous protests in Warsaw and Gdansk, where earlier demonstrators clashed with police on Friday in the most serious civil disturbances in more than two months.

Archbishop Glemp also furthered expectations that Pope John Paul II, who is Polish, will visit the country next year.

He said, "I think I shall shortly be able to announce for you the timing of the visit. We may not have had much joy these days, but we have great hopes for successful developments. To this, we pin our hopes for the pope's arrival next year."

The pope postponed a planned visit to Poland for ceremonies this month marking the 600th anniversary of the installation of the shrine of the Black Madonna at Częstochowa.

Monday marks the second anniversary of the formation in Gdansk of the interfactory strike committee, a decisive and widely remembered development in the emergence of Solidarity, which claimed 10 million members before the imposition of martial law eight months ago.

The union's leaders still at large have urged peaceful protests to mark the event and have proposed that protests culminate with nationwide demonstrations Aug. 31, the second anniversary of Solidarity's creation.

The official news agency PAP said 200 people were arrested in

cal gamblers" and "adventurist groups."

But a Warsaw television commentator said the demonstrations were minor and represented "another defeat for the political underground."

Cross Restored

Scores of Warsaw residents gathered Sunday at the central Victory Square to restore the floral cross that has served as a memorial to the late Cardinal Stefan Wyszyński and a principal focus of quiet dissent to martial law.

Authorities, who before dawn

Sunday had swept away the cross, kept a discreet distance.

On Saturday, demonstrators unfurled a Solidarity banner in Victory Square.

Leaflets disparaging Socialism and the martial-law regime were seen Sunday on shop windows in Gdansk where residents and visitors, as they had on Saturday, quietly placed flowers at the monument to fallen Polish workers.

There was some speculation in Gdansk that police raids last week on underground Solidarity offices, where leaflets and printing equipment were found, could hamper efforts to publicize protests Monday.

## Israel Softens Terms for PLO To Quit Beirut

Compiled by Our Staff From Dispatches

JERUSALEM — The Israeli government softened its conditions Sunday on the withdrawal of Palestinian guerrillas from besieged Beirut and said an agreement could be completed this week.

The announcement by Cabinet Secretary Dan Meridor came after a three-hour Cabinet session and after Philip C. Habib, the special U.S. envoy, had met with Israeli officials.

A senior government official indicated that Israel had made concessions on two questions — its demand for a full list of the guerrillas and the role of a proposed multinational force to take over Palestinian positions in West Beirut.

The official said "the one thing we will not give up" was the return of Aharon Afek, a pilot taken prisoner by the PLO, and the bodies of nine missing soldiers, four of whom disappeared in Israel's invasion of southern Lebanon in 1978.

Mr. Habib arrived here Saturday night from Beirut. As the envoy left Jerusalem to return to the黎巴嫩 capital, he said, "I have pretty much done what I had to do."

Mr. Habib will present Israel's new conditions to the Palestine Liberation Organization in the next 24 hours, said the Israeli official, who requested anonymity.

On Sunday, prior to the American envoy's arrival in Beirut, Palestinian officials reacted cautiously to the reports that Israel had softened its conditions on the PLO withdrawal.

"We'll wait and see what the document says — it's probably got some nasty fine print," said a PLO official who did not want to be named.

Mr. Meridor said, "There is a possibility, but no certainty, that within the week an agreement will be reached for the departure of all the terrorists from Beirut and Lebanon."

Lebanese Foreign Ministry sources were more optimistic, saying a PLO-Lebanese joint military committee had set Saturday as a

target date to start the withdrawal and had informed the three nations who have agreed to supply troops for the peacekeeping force — the United States, France and Italy — to prepare for the operation.

The senior Israeli official said Israel's primary concern now is whether it will be able to ascertain whether the PLO actually is leaving Beirut. He claimed Israel has information that the PLO wanted to leave several thousand guerrillas behind as "units in civilian clothes" and take out teen-agers from PLO youth groups in their place.

Former Premier Saeb Salam, a key intermediary in the Habib-PLO negotiations, said in Beirut that the departing guerrillas would be checked by Lebanese authorities in conjunction with the proposed multinational peacekeeping force.

Mr. Salam said the PLO was reduced to the fact that any Palestinian fighters who stayed behind would be under Lebanese sovereignty. He said the 1969 Cairo agreement between the PLO and the Lebanese government, which gave the guerrillas special privileges, has been scrapped.

Mr. Salam said that the PLO is fully prepared to work through the international Red Cross in connection with Israel's demand for the return of its captured pilot.

A major dispute in the talks has been how many guerrillas are in Beirut, the PLO's power base for the 12 years since it was driven from Jordan by King Hussein.

Previous Israeli and PLO estimates varied widely, but Israeli officials said the number now estimated by Israel and that on a list given by the PLO to Mr. Habib appeared to match within a few hundred.

The PLO transmitted to Mr. Habib a list of 7,100 evacuees on Friday. The list was broken down to include the numbers going to each of the seven associations that have agreed to receive them. The countries are Syria, Iraq, Jordan,

(Continued on Page 2, Col. 4)



Residents of West Beirut besieged a truck bringing fresh vegetables and other food Sunday. The scarcity of fresh produce in the Moslem sector of the Lebanese capital has driven up prices.

## European Voices Raised Against Israel's Siege

By Steven Rattner  
New York Times Service

bombs and missiles cannot be reconciled with human dignity."

On Wednesday, a minister of state at the British Foreign Office, Douglas Hurd, summoned the Israeli chargé d'affaires, Yoav Biran, to express Britain's concern over the continued bombardment by Israeli forces.

In a radio interview Wednesday night, Mr. Hurd said that the Israelis were neglecting the effect on human beings of what they were doing.

"There can be no doubt that thousands of innocent civilians, Lebanese and Palestinian, have been killed or wounded in Lebanon in pursuit of objectives which are very far from clear and probably not going to be realized," he said.

To some extent, European leaders, who have been concerned about the lack of forceful U.S. action, were encouraged by the tougher line taken toward Israel last week by President Reagan. But the Europeans are also concerned that the Reagan administration still respects the principle of self-determination for the Palestinians.

### U.S. Policy Questioned

"The Americans do need to look again at their whole Middle East policy and in particular at the way in which we can solve the Palestinian question, because until that is solved, there will be further outbreaks of this kind and Israel will not have security," Mr. Hurd said.

France maintained a silence on Friday, as part of the effort by the government of President François Mitterrand to ease tensions after an attack last Monday on a Jewish restaurant in Paris in which six persons were killed and 22 wounded.

Prime Minister Menachem Begin of Israel subsequently suggested that Mr. Mitterrand had, through a critical statement last month about the Israeli invasion, helped create the atmosphere that encouraged attacks on Jews.

But French officials have made it clear that they are upset about both the continued Israeli offensive and the charges by Mr. Begin, who also said France was a land of rampant anti-Semitism and was acting like an enemy of Israel.

Shimon Peres, chairman of Israel's opposition Labor Party, defended Mr. Mitterrand in New York on Friday, saying he was convinced the president was a friend of Israel. He also urged that

(Continued on Page 2, Col. 1)



President Reagan discussed strategy with Sen. Robert J. Dole, center, the Kansas Republican who is chairman of the Senate Finance Committee, and Lyn Nofziger, a special aide to the president, during the weekend effort to complete a House-Senate agreement on a tax increase.

House provisions to balance against them.

The original Senate-passed version would have raised \$98.3 billion over the next three years. The compromise version was slightly smaller — \$98.3 billion — but still enough to satisfy the revenue tar-

gets of the 1983 budget resolution.

The bill should reach the House early this week. Lining up congressional votes for the bill, however, appeared to be moving along very slowly.

"It will pretty much depend on the attitude of each member," said

Rep. Dan Rostenkowski, the Illinois Democrat who is chairman of the House Ways and Means Committee. "That is how volatile this thing is. I don't see the enthusiasm for soliciting the vote on the floor, so it is going to have to be a personal thing for the president."

(Continued on Page 2, Col. 1)

## Reagan's Plan to Increase Taxes Approved by Senate-House Panel

Compiled by Our Staff From Dispatches

WASHINGTON — A U.S. Senate-House conference committee reached agreement Sunday on a bill that would increase taxes by \$98.3 billion over the next three years.

Before the final vote at 2 a.m., the panel agreed:

• To repeal within three years a 1981 tax-leasing provision that encouraged unprofitable companies to sell some of their tax credits to other firms.

• To double the 8-cent-a-pack cigarette tax for the next three years.

• To provide up to 10 additional weeks of unemployment compensation for jobless workers.

During the first 18-hour leg of the weekend marathon that spilled into Sunday morning, the committee eliminated a provision that would have cut deductions for business meals by half.

Instead, to make up for the lost revenue, the panel substituted stiffer reporting requirements on telephone services and airline tickets and fewer tax deductions for medical expenses.

Spending Cuts

The bill also includes \$15.2 billion in spending cuts, chiefly for medical care for the elderly and the poor.

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In other action, the committee:

• Agreed to exempt from the new 10-percent withholding on interest and dividends any account that earns less than \$150 a year. It had earlier set a \$100 threshold.

• Approved restrictions on use of tax-exempt industrial development bonds.

• Changed taxation of insurance companies, which will cost those firms more than \$6 billion over the next three years.

• Reduced some of the tax benefits that high-earning professionals now gain from tax-deferred pension plans.

The bill would wipe out more than one-third of the tax cut voted last year for businesses.

Committee members said progress on the bill was slow — negotiations opened on Aug. 3 — because they were in the unusual situation of dealing mainly with proposals from the Senate, with no

new Senate amendment that would have reduced from 12 months to six months the minimum time an asset must be held before profits from its sale qualify for special capital gains rates.

• Voted to retain a provision allowing a person to avoid tax on up to \$750 in public-utility stock dividends that are reinvested in the utility.

• Toughened the minimum tax on corporations by reducing by 15 percent the value of certain deductions, such as oil depletion allowances.

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# PLO's Evacuation Is Only One Step on the Long Road to a Solution in Lebanon

By Thomas L. Friedman  
New York Times Service

**BEIRUT** — One issue being haggled over in the negotiations involving the PLO's withdrawal from Beirut is what to call the day of departure. Philip C. Habib, the U.S. special envoy, had innocently suggested calling it "D-day," but the Israelis rejected this, arguing that it summoned up images of Normandy and had connotations of victory. They said it should be called "E-day," as in evacuation.

But whatever it is eventually called, the day the Palestine Liberation Organization guerrillas pull out of Beirut will mark the close of only the second phase of the Lebanon crisis. There are at least two more phases to come, and if Mr. Habib intends to stay until they are resolved, he had better start preparing, like the Israelis, for the long Lebanese winter.

The first phase of the Lebanon crisis was completed at the end of June, when the Israeli army secured control of the 25-mile (40-kilometer) stretch running from Israel's northern border to Sidon. The second phase — determining what happens to the PLO leaders and guerrillas in West Beirut — appears close to resolution.

Phase three, however, will deal with a larger topic —

the fate of the Syrian troops and Palestinian guerrillas throughout northern Lebanon and the eastern Bekaa Valley. And phase four will take up the grand question of the future political, economic and diplomatic relations between Israel and its neighbor to the north — if that neighbor is still in one piece.

## NEWS ANALYSIS

It could be protested that this agenda is defined by Israel's objectives in Lebanon and ignores the wishes of the Lebanese, the Syrians and the Palestinians. That is true enough, but Israel is the most powerful force in Lebanon right now and it seems inevitable, for better or for worse, that its actions will be decisive in determining the course of events here. Being forward-looking, the Israelis have already begun preparing for phases three and four.

Last week an Israeli armored battalion moved 20 miles north along the coastal highway from Beirut into the port of Jubail and east to the mountaintop village of Laqlouq. The thrust put the Israelis in a stronger military position to enforce their demand that all Palestinian and Syrian troops in the northern Lebanese port of Tripoli and the Bekaa Valley leave Lebanon before the Israelis do. From Jubail the Israelis could easily strike north at Tripoli and

from Laqlouq they can overlook the Syrian positions in the northern Bekaa Valley.

As the Israeli forces entrenched themselves in the north of Lebanon, Defense Minister Ariel Sharon repeated his warning to the Syrians in Lebanon: "Either they withdraw peacefully or face the consequences of Israeli forces coming within 25 miles of Damascus."

Although precise figures are not available, there are believed to be about 30,000 Syrian troops in the Bekaa Valley — considered Syria's soft underbelly — and northern Lebanon. For the last two months they have been reinforced by scores of tanks, long-range artillery, truck-mounted rocket launchers and anti-aircraft missiles. But their strategic position is being eroded as Israeli troops inch closer to them from the high ground to the south, west and now the north.

The Syrians are formally in Lebanon under a 1976 mandate from the Arab League, which dispatched them to quell the civil war. The Lebanese government condoning that the Syrians tended to contribute as much civil strife as they quelled, has used the Israeli invasion as an excuse not to renew the Syrian mandate, which expired July 27. But President Hafez al-Assad of Syria says his troops will not leave Lebanon until the Israelis do.

As for the Palestinians, there are two large refugee camps north of Tripoli — Nakhr el-Barid and Baabda — and another in the Bekaa Valley near Baabda called the Wavel camp. Palestinian sources estimate that there are 5,000 PLO guerrillas based in the Tripoli region and 2,000 others working out of the Bekaa Valley, behind Syrian lines. These guerrillas are not covered by the current evacuation plan being worked out by Mr. Habib.

Many here believe that the Israelis will use the same tactics against the Syrians and Palestinians in the Bekaa and north Lebanon that they used against the PLO fighters trapped in Beirut: batter them and negotiate with them by turns until they agree to leave. Such could be Lebanon's winter.

## Phase Four

If the Syrians were forced out by purely military means there could be unfortunate consequences for Lebanon, whose economy is intertwined with Syria's.

Phase four, whenever it comes, will probably be less violent, in the view of observers here, but for Lebanon and the Lebanese perhaps no less wrenching. The Israelis have made several things clear in the past few weeks.

First, they do not want any Palestinian refugee camps

south of Sidon. Toward that end they have already leveled the main camps in both Sidon and Tyre, 15 miles to the south. The Israeli minister of economy, Yaakov Meridor, has said Jerusalem wanted those Palestinians legally residing in Lebanon to be integrated into the local population rather than living in isolated camps where guerrilla activity and Palestinian nationalism can breed side by side.

Second, the Israelis have stopped asking for a multinational force to police southern Lebanon, but are calling instead for a "friendly Lebanese force," perhaps led by Maj. Saad Haddad, the Israeli-backed renegade Lebanese Army officer who announced recently that he was expanding his Free Lebanon zone from the border strip all the way to the Awali River bridge just north of Sidon.

Finally, the Israelis say they want a peace treaty with a united Lebanon. This may be a contradiction in terms. Even such pro-Israeli Lebanese as former President Camille Chamoun have declared that while hostilities with Israel should end, Lebanon cannot sign a peace treaty with the Jewish state and expect to remain in the Arab community. This is crucial because virtually the entire Lebanese economy is based on providing services to the Arab world.

## A Wave of Terrorism In France Is Touching Jews, Non-Jews Alike

By Steven Rattner  
New York Times Service

**PARIS** — In the part of the Marais quarter where Jews have lived since the Middle Ages, the mood in the narrow streets and appealingly worn buildings is apprehensive.

Knots of people stand outside Jo Goldenberg's shuttered restaurant, where an attack a week ago left six persons dead.

But the fears and worries of terrorism have gone far beyond France's 700,000 Jews. The wave of attacks — the one on the restaurant was only one of eight incidents in Paris in just two weeks — has touched Jews and non-Jews alike, and has left the country nervous and clamoring for action.

### Prayer Hall Set Afire

In yet another incident, a fire set early Saturday by an arsonist damaged a hall used for Jewish prayer meetings.

Virtually every French leader, including union officials, has called for action. Talk of the bombings has dominated both the news and private conversation.

Tighter security measures have already been instituted throughout Paris, and President Francois Mitterrand has scheduled a special session of his advisers Tuesday, to be followed by an unusual television interview.

"The French people want the president of the republic to act and not just talk," said Bernard Pons, an opposition politician. "The president of the republic decided

## Israelis Face New Criticism

(Continued from Page 1)

Israel encourage France's friendship, despite differences of opinion.

"Begin is irresponsible," said Pierre Mendes-France, a former French prime minister, in a newspaper interview. "I think that what he is doing is tragic for all the world, for his people, and for the country."

In Vienna, Austria's foreign minister, Willibald Pahr, praised the United States for intervening to halt Thursday's assault on Beirut. "Only under hard pressure from the United States, for which we must be grateful, was this bombardment ended," he said at a news conference.

And in The Hague, the Dutch government appealed to Israel to lift its blockade of West Beirut, in keeping with a United Nations Security Council resolution adopted Thursday night.

### Reaction in Cyprus

Reaction on Friday to Thursday's continuation of the Israeli offensive went beyond major European capitals. In Nicosia, President Spyros Kyprianou of Cyprus strongly condemned the Israeli attacks as "a terrible crime of genocide against the Palestinians and the people of Lebanon, which is a stain on our civilization."

He said in a statement that the continuing siege and fierce bombardment were causing "universal indignation and abhorrence."

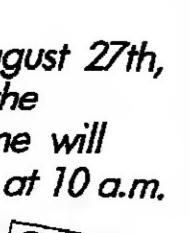
The International Federation of Resistance Fighters also joined in the protests. A statement issued in Vienna by the group said that "those who fought against Nazi barbarism and for the independence of their countries relentlessly condemn indiscriminate use of violence by the Israeli government, its disregard for human rights and democratic world opinion."

### Tremor Hits Naples Region

United Press International

**POTENZA, Italy** — An earth tremor Sunday shook the area in southern Italy where an earthquake in the Naples region in 1980 killed about 3,000 people, police said. Hundreds of people fled to the streets. There were no injuries or damage, police said.

From July 5th through August 27th, Monday through Friday, the International Herald Tribune will present the news in English at 10 a.m. on radio station RMC.



The United Press International bureau chief in Beirut, Vincent J. Schildknecht, and his wife, Elaine, sorted through debris after the news agency's office in the building of L'Orient-Le Jour newspaper was hit by a phosphorous shell Aug. 4 during the Israeli bombardment of West Beirut.

## Israeli Raids Exacted a Deadly Toll In Leveling PLO Refugee 'Camps'

By John Kifner  
New York Times Service

**BEIRUT** — There is not much left standing in the Palestinian refugee camps where old men, women and children search for what they can salvage from what had once been their homes.

Borge Barajji and the neighboring camps of Chatila and Sabra, all on the southern outskirts of the city, have borne the brunt of the shelling and bombing during Israel's siege of Beirut, including Thursday's 11 hours of air strikes.

Most of the civilians had fled Borge Barajji during the siege. During the weekend they took advantage of the cease-fire announced by Israel after an angry telephone call from President Reagan, to return to see what was left.

### Few Families Remain

A few families had remained, however, taking shelter in bunkers. About 45 people were killed, a Palestinian source said, when a phosphorous bomb hit one of the shelters in the camp on Thursday.

Camp is perhaps a misnomer, conjuring up a picture of tents, field kitchens and flapping laundry lines.

The refugee camps looked that way in 1948, when the Palestinians fled from what is now Israel. But since the Lebanese government established them near cities in the mid-1950s, partly as a source of cheap labor, they have grown into seemingly permanent settlements, densely packed sprawling towns of narrow lanes, tin-roofed, stuccoed houses, mosques and ranks of shops, sometimes topped by balconied apartment buildings.

Correspondents touring the center of Borge Barajji found its narrow, twisting lanes to be just jumbled slabs of concrete and plaster, chunks of what had once been walls, all evidence of the enormous quantities of bombs and shells poured into the camp. Sheets of corrugated roofing tin were crumpled and twisted.

Women were gathering up clothing, kitchen utensils, bedding and whatever else they could find and carrying these items away in bundles on their heads. And a 10-year-old boy, Betna Mohabat, rummaged in a sheared-off room of his house, proudly emerging to bold

up a framed picture of Abu Iyad, one of the top guerrilla leaders.

Since the guerrillas had already signed an agreement to evacuate West Beirut to end the siege, the bombing and shelling appeared to be intended to level the camps.

By their very separate existence, refugee camps such as Borge Barajji acted as bothouses of Palestinian nationalism for the guerrilla movement, nurturing the idea of a lost state to be regained.

### Israelis Bulldoze Camps

The Palestine Liberation Organization, which built a vast semigovernmental organization here, encouraged the continued existence of the camps, as opposed to assiduously.

In the south, the Israelis have bulldozed refugee camps to make them uninhabitable.

Beirut newspapers said Friday that the killing and destruction in Thursday's raids had been greater than on any previous day of the Israeli invasion, which began June 6. At least 800 houses were reported destroyed, including about 600 in the refugee camps.

Police said 156 civilians had

been found dead in the bombing. But no one knows the exact number because many victims have been buried under buildings. Also, nearly all hospitals have been closed because of shelling and lack of medicine, electricity and staff.

What is apparent, however, is that the overwhelming majority of those killed were civilians.

Doctors at the existing hospitals and makeshift field shelters say nearly all their patients are civilians, many of them victims of cluster bombs, which throw tiny shards of metal. Guerrilla leaders say they have lost relatively few men because they have been in shelters. Their casualties have usually come at such clear and relatively exposed targets as heavy-gun positions.

Indeed, virtually every street in West Beirut swarms with gunmen when the shelling stops.

Palestinian civilians, however, are for the most part unable to escape from West Beirut because the checkpoints on the single crossing area to East Beirut are manned by militiamen of the Lebanese rightist Christian force, the Phalange, who turn back Palestinian civilians.

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Cheered by thousands of people and escorted by barking pleasure craft, the 67,000-ton pride of the British merchant navy set sail from this port on a five-day Atlantic crossing to New York. Hundreds of vacationers each paying between \$500 and \$2,000 (\$350 and \$3,400) crowded the rails.

Pressing at those same rails three months ago were soldiers of the 3,500-strong 5th Infantry Brigade, which saw some of the heaviest fighting in the 10-week war over the Falklands. Argentine planes never detected the Queen Elizabeth 2, which hugged the coast of Africa and made top speed — often unscathed — through ice-filled waters.

In this they are supported by Lebanese Moslems and leftist fighters, who fear that otherwise Moslems remaining behind in West Beirut would face possible attack by Israel or its Lebanese Christian allies.

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With the Beirut cease-fire beginning, some streets were cleaned of the heaps of accumulated rubbish and a ruptured water main was plugged, returning fresh water to some areas. Food shipments arrived in the besieged Moslem sector, but electricity, cut by the Israelis three weeks ago, remained out.

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up a framed picture of Abu Iyad, one of the top guerrilla leaders.

Saturday, police officers initially turned away mourners who arrived at Mr. Dipale's home in the black area of Dube, outside Johannesburg. They also intercepted three foreign television crews, confiscated the permits allowing them to enter the area and sent them back to Johannesburg, warning that they would be arrested if they sought re-entry.

Despite the police presence and the court order, however, black mourners at the funeral raised their voices in songs demanding freedom and waved clenched-fists salutes. Four persons were led from the graveside by police officers, but it was not known if they had been arrested. There were no immediate reports of violent confrontation.

Following that demonstration, the new security regulations covering funerals were framed.

After Justice Duvenhage's court order a newly created black group, the Detainees' Aid Movement, issued a statement saying it was "distressed" that Mr. Dipale could not be given a hero's funeral and setting Sunday as the date for a memorial service for him in Soweto, the huge black township

53d

person to have died in police custody in South Africa since 1963. At least 18 of them have been found hanged.

Last February, a union organizer, Neil Agent, became the first white to die in detention. His funeral on Feb. 13 attracted a crowd of more than 1,000 blacks and whites throughout central Johannesburg and thus provoked a display of black political feeling in white areas of the city.

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Last February, a union organizer, Neil Agent, became the first white to die in detention. His funeral on Feb. 13 attracted a crowd of more than 1,000 blacks and whites throughout central Johannesburg and thus provoked a display of black political feeling in white areas of the city.

Following that demonstration, the new security regulations covering funerals were framed.

After Justice Duvenhage's court order a newly created black group, the Detainees' Aid Movement, issued a statement saying it was "distressed" that Mr. Dipale could not be given a hero's funeral and setting Sunday as the date for a memorial service for him in Soweto, the huge black township

## The U.S. Press Corps vs. Speakes: A Little Humor Helps

By David Hoffman  
*Washington Post Service*

WASHINGTON — It was another languid August afternoon, and the temperature was rising in the air-conditioned White House press room.

Before Larry M. Speakes, the deputy White House press secretary, finished his muggy briefing last Tuesday, a presidential statement on controversial tax legislation had been called "dribble," one reporter had asked about President Reagan's stand on bestiality and necrophilia, and the exasperated Mr. Speakes had declared:

"This is a foolish briefing.... I tell you what: I challenge any news organization here to reprint this briefing in full in their newspaper."

So it goes in the dog days of summer at the daily White House briefing, alternately one of the most serious and one of the most bizarre rituals of Washington.

The briefing Tuesday began with Mr. Speakes' reading presidential quotations from a congressional meeting during which Mr. Reagan had pushed for the tax increase bill, saying it would lower interest rates.

A reporter interrupted: "If you really want us to take this dribble down, we've got to go slower."

Mr. Speakes continued to de-



Larry M. Speakes

scribe the benefits of the bill, saying, "Real estate, auto, construction and related industries will be very happy," but he was interrupted by Sarah McClelland, the persistent correspondent known for throwing barbed questions at presidents.

Mr. Speakes: "Choke it down, Sarah, I've got a little bit more."

Another reporter: "She keeps bubbling up back there."

Miss McClelland eventually asked about the list of promises Mr. Reagan had made about economic recovery: "Can the president document this? Can

you provide us with any proof this would happen?"

Mr. Speakes: "Sarah, I am not a prophet, nor is he."

When she persisted, Mr. Speakes offered to explain supply-side economics, but that did not satisfy her. "Would you please give us the documentary proof that he has?" she demanded.

"Look, Sarah. Look, look, look. I'm not the president. You can't sit here and badger me like you did him, now," Mr. Speakes said.

Another reporter: "Larry, she has the right."

Mr. Speakes: "She has a right to the question, and I have a right to respond to the answer the question I didn't."

Then Sam Donaldson, an ABC television correspondent, asked about the tax increase.

"Deficit reduction, Sam," Mr. Speakes intoned.

When Mr. Donaldson protested, Mr. Speakes retorted: "This is not a debate society, Sam. If you want the facts, I'll be glad to give them to you. If you want to debate, I'll bring on a debater."

"This is a foolish briefing."

Mr. Speakes sighed. "Had enough? I have."

It wasn't over yet.

Lester Kinsolving of Globe Syndicate, pointing to a published report that the government hires people regardless of their sexual preference, wanted

to know, "Does President Reagan believe that the United States should be represented by all the many kinds of announced sexual preference or not?"

Mr. Speakes: "I haven't heard him advocate a quota system of sexual preference for government employees."

Mr. Kinsolving: "I understand that. Does he believe that you should hire all kinds of sexual preference? I mean, there is a wide variety."

Another reporter: "How many kinds are there, Lester?"

Mr. Kinsolving: "Well, there is necrophilia, bestiality, sodomy.... I just want to know, where does the president stand on this?"

Mr. Speakes: "Is there a serious question anywhere here?"

In fact, Mr. Speakes has come to expect such tangents, if not particularly to enjoy them. He thinks the White House briefings should be more orderly, like the State Department's briefings, but he is resigned to the fact they never will be.

The midday White House briefings are "so much of a ritual stage play," he said.

"Everyone wants to be a comedian," he lamented, and he often responds in kind. "Humor," he said, "is your greatest weapon."

One result of the sessions like the one last Tuesday is that Mr.

Speakes now conducts an early-morning briefing in his office that is usually less combative, and in the view of some reporters who attend, more useful.

And sometimes, when the irritations are too much for him, he delivers a lecture, as he did July 22.

"On August the first this year it marks my 14th anniversary in Washington, D.C.," he said. "When I come here I called up the phone company and I had my name put in the phone book. And since that time it has remained in the phone book.... I have always felt strongly about that. If I'm in the business of being a spokesman and receive a high government salary, then I should be available to the press."

However, prior to this week — and I don't mean to call any names and at least one of them's here, if not two — I have been awakened, twice, at 5 a.m. .... This morning I was awakened at 5 a.m. on the subject of the French imposing the — saying they were going to violate the sanctions [on the Soviet natural gas pipeline]. In neither case did I have an answer.

Reporter: "World War III?"

Mr. Speakes: "Russians crossing the border in at least division strength."

## Sources Say Argentines Prepared Early Plan for Falklands Invasion

By Jackson Diehl  
*Washington Post Service*

then the U.S. secretary of state was officially acting as a mediator between Argentina and Britain in April. U.S. officials secretly warned President Leopoldo Galtieri that the United States would support Britain if the dispute were not resolved diplomatically. Galtieri was also warned that the British would not hesitate to attack Argentine forces to regain the islands and was given an American assessment that the British would win.

The sources said the military government adopted a general plan to take over the Falklands by diplomatic or military means last September. Then the detailed invasion plans were prepared in January, according to the sources.

Using these detailed plans, the ruling junta decided on March 26 to go ahead with the attack, the sources said. This was a week before the actual landing and during a time when intensive negotiations were continuing between Argentina, Britain and U.S. diplomats.

The night of the junta's decision,

a detachment of Argentine marines secretly landed on the disputed island of South Georgia, where trouble had begun several days earlier over the raising of an Argentine flag, the sources said.

Image of Haste Denied

This new account, by high-ranking navy and army sources, indicates that the April 2 invasion was not entirely the hasty, impetuous action that has been portrayed here following Argentina's defeat by a British task force.

The military sources insist that the Argentine plans were activated only after the public dispute with Britain began over 39 Argentine workers on South Georgia.

Had the military command waited another six weeks to act, these sources said, Argentina would have been far better prepared to fight because of new imports of arms then expected from France and other countries. As it was, Argentina had only five Super Etendard fighter planes and five Exocet missiles during the conflict, and the navy faced severe problems because many of its A-4 Skyhawk fighter-bombers were out of service.

Details about Argentina's role in the crisis are emerging as military officials conduct wide-ranging investigations of the Falklands conflict, which until now has been largely clouded here by government silence and extensive propaganda.

The official studies are considered a key to the resolution of continuing shake-ups within the armed forces that pose a threat to Argentina's army-ruled government, political leaders and analysts say.

Among the details revealed by several high-ranking officials in interviews are these:

• While Alexander M. Haig Jr.,

sisted publicly that it had the full support of the country.

• The Argentine Navy had only 16 operating A-4 Skyhawks at the beginning of the conflict, despite the dozens it was publicly credited with. The Argentine Air Force had other squadrons of the American-made planes, but of the navy's 16, only four were still in service when Argentina surrendered.

The account provided by military officials indicates that it was the Argentine Navy and its commander, Adm. Anaya, that pushed the Falklands invasion as a long-planned project and that swung the balance in Argentina's decision to stick to its insistence of sovereignty over the islands. But the navy was virtually a nonexistent factor in the actual fighting, the burden of which fell almost as a long on the air force.

Gen. Galtieri, who often struck a public pose as a gritty, unbending general, emerges in these new accounts as a malleable, somewhat indecisive figure, who at times appeared to share the views of the last adviser he had talked to in his characteristic all-night meetings.

Military officials said, however, that Gen. Galtieri became firmly committed to an eventual battle after the U.S. announcement of support for Britain and the first skirmishes around the Falklands in early May.

These actions, which included Argentina's sinking of the British destroyer Sheffield, led the junta members to believe that Argentina could hold its own with the British task force and force a negotiated solution in the junta's favor.

Anaya a Survivor

Ironically, Gen. Galtieri was the first of the junta members to be forced out after Argentina's surrender June 14, while Adm. Anaya remains in his post and appears to be headed for a graceful retirement later this year.

Adm. Anaya was one of the architects of a 1975 invasion proposal that sat on the shelf until September, 1981, when the government adopted a plan to build up diplomatic pressure gradually on Britain for concessions in the South Atlantic. The first round of negotiations between Argentine and British officials took place in New York in late February of this year.

Some military officials say they were initially pleased with the results of the talks. Nonetheless, they say staff officers of the various services, had been ordered in January to prepare the detailed plans for an Argentine invasion.

One high naval official, who like other officers insisted on remaining anonymous, said the planning consisted of deciding such issues as how many troops would be involved in an attack, where landings could be made and where Argentine forces would be assembled and embarked.

## Massachusetts Election a National Barometer

### Tax Scandal May Swing Democratic Gubernatorial Primary

By Fox Butterfield  
*New York Times Service*

BOSTON — When Lt. Gov. Thomas P. O'Neill 3d was getting a haircut the other day, his barber brought up a subject that has dominated the headlines here all summer: the bitterly contested battle for the Democratic gubernatorial nomination between Gov. Edward J. King and the man he defeated in 1978, former Gov. Michael S. Dukakis.

The entire Italian community is going to vote for King — King is going to win big," Mr. O'Neill, the son of the speaker of the U.S. House of Representatives, recalled, the barber telling him about the Sept. 14 primary.

The barber's comment surprised Mr. O'Neill, who was himself a candidate for the governorship until last May, because for the last few weeks most political analysts have felt that Mr. King has been badly stung by a spreading corruption scandal in the Massachusetts Revenue Department.

John F. Coady, an old friend who was appointed by Mr. King as a deputy revenue commissioner, hanged himself in his home days after the governor was informed

Carier two years later, and Mr. King is widely viewed here as President Reagan's favorite Democratic governor.

Mr. O'Neill and a number of other politicians believe the current battle between Mr. Dukakis and Mr. King is too close to call, despite Mr. Dukakis' lead in the polls. He enjoyed a big lead in 1978, too, before being defeated by Mr. King.

Gerald FitzGerald, Mr. Dukakis' press secretary, said polls taken for the Dukakis campaign showed him still ahead by 20 percentage points. "But I expect it to close up tighter," Mr. FitzGerald added.

In May, Mr. Dukakis handily won the party's nonbinding endorsement at the state Democratic convention, and as late as June a poll by The Boston Globe found him besting Mr. King by 68 percent to 20 percent.

But Mr. O'Neill said his own "street polling" told him that the imbroglio in the Revenue Department had not hurt the governor's recent comeback.

"People have a steadfast belief that corruption exists in Massachusetts and take it for granted," Mr. O'Neill said in an interview.

Perhaps more important, he added, is that politics in Massachusetts still tends to be "tribal warfare." "It may not be exactly ethnic," he added, "but class is very significant."

In this struggle, Mr. Dukakis appeals to liberals, suburban residents and the state's relatively large number of intellectuals. Mr. King, a conservative and a former professional football player who opposes abortion and favors the death penalty, tends to draw support from blue-collar workers in the old industrial cities and the Roman Catholic Irish and Italian communities.

The governor is also favored by the leaders of the state's new high-technology industries, who like his calls for ridding Massachusetts of its high-tax image.

His effort to repeal a 7-percent surtax on the state income tax imposed by Mr. Dukakis' administration was defeated in the Legislature earlier this month. But the overall state tax burden has been reduced by about 25 percent since Mr. King took office, largely because of a sharp rise in personal income.

Temporary residents, after three years in that status, could become permanent residents. After five years as permanent residents, aliens would be ineligible to receive welfare, food stamps, Medicaid, and other forms of federal assistance.

The Senate also authorized an unspecified amount of federal aid for state and local governments that incur additional expenses as a result of the influx of illegal aliens.

dicated that "no one will come forward" to participate in it.

In a statement released by her organization, Miss Hernandez said, "The Senate ignored the concerns of the Hispanic community in this bill. The legalization program requires that newly legalized aliens continue to pay federal taxes without receiving benefits for three years or six years. This is known as taxation without representation."

During their three years as temporary residents and during their first three years as permanent residents, aliens would be ineligible to receive welfare, food stamps, Medicaid, and other forms of federal assistance.

The Senate also authorized an unspecified amount of federal aid for state and local governments that incur additional expenses as a result of the influx of illegal aliens.

Despite this, almost every sector of the economy is struggling. For example:

• Industry. The full extent of Mr. Seaga's gamble on open markets is just becoming apparent. Not only will Jamaican companies find it hard to penetrate the U.S. market, but they are reeling from a sudden influx of foreign imports, which have already cost, by one estimate, 4,000 jobs.

So far, direct foreign investment has been disappointingly slow. In 18 months, 65 projects have been established, resulting in the creation of 3,000 jobs. This will make little impact on unemployment.

• Agriculture. Jamaica cannot produce enough bananas or sugar in fill generous European quotas, let alone sell in the United States. Bananas are so badly prepared and shipped that they are being rejected by British buyers.

Jamaica will receive \$112 million in U.S. aid this year, and would get another \$50 million under the Caribbean basin initiative, which faces an uncertain legislative future in the U.S. Congress. It was stricken from the House appropriations bill on a technicality, but resurrected in the Senate under pressure from Mr. Reagan. Its fate probably rests with a House-Senate conference committee.

Mr. Seaga has compared the Caribbean initiative to the Marshall Plan, and at first sight, Jamaica.

Added to this is what the consultants saw as a lackadaisical attitude.

Employment at the plant

reached 900 during the 1960s. It

slumped to 60 during the years of

Michael Manley. Mr. Seaga's predecessor.

Under Mr. Manley, inflation

reached 28 percent, unemployment

29 percent and the island nation

suffered seven consecutive years of economic decline. By the time Mr. Manley left office, the reserves were exhausted and thousands of disgruntled Jamaicans had left the country.

During the past 20 months the small plant has started a comeback.

The work force has grown to 180 and 10 outlets have been opened throughout the island.

At the same time, however, the plant's managers have run up against some nagging problems.

Requests for foreign exchange to import spare parts can take up to four months to clear the central bank.

Water, electricity and telephones suffer constant service interruptions.

After a electrical shutoff, the kinks

in unfixable clays.

Then there is the design prob-

lem. Mr. Reagan appointed a group of businessmen, headed by David Rockefeller, to advise on how Jamaica could compete in the U.S. market. They sent a crafts expert, and he concluded that the whole island produces only eight items that could sell in the United States and not one of those items is being turned out by things Jamaican.

Today the slums remain one of Mr. Seaga's most pressing con-

cerns. Just as the small groups of

youths, unemployed and restless,

# INTERNATIONAL Herald Tribune

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## On Protectionism

### Advice on Steel

From THE WASHINGTON POST

A word of advice on the steel cases: Do not get entangled in the numbers. Some are more or less spurious, and some are already obsolete because of currency factors.

The issue here is not whether a certain mill in Belgium might be producing steel plate at a price that is 5.17 percent below "fair value," as defined in a notoriously quirky American statute. Nor is the issue whether the Europeans are entitled to the 5.74 percent of the U.S. market that the secretary of commerce, Malcolm Baldrige, offered in a quota agreement that the U.S. industry rejects.

The first real issue is unemployment in the steel towns, and how it is to be divided among a number of countries in which unemployment is rapidly rising.

The second is who is to carry the blame in the anguishing process of laying off labor, closing mills and writing off losses. It is always tempting to blame the foreigners with their nasty foreign ways.

The world's steel industry has built far more capacity than it can use. The present slack is not merely the result of the recession. It is true that the Europeans undertook a vigorous expansion of steel production under government leadership, not long ago.

The efficient new mills were supposed to replace the old ones, but for the usual reasons, governments in most countries have been slow to shut down the old ones.

### The Auto Content Trap

From THE NEW YORK TIMES

The problem, for 200,000 unemployed American autoworkers, seems straightforward: Japanese imports. And what they propose to do about it is simple: Under a bill co-sponsored by a majority of the House, companies selling more than 500,000 cars in America would have to manufacture them with 90 percent American parts and labor; those selling more than 200,000 cars would be required to use 75 percent local content.

Fortunately, "Fair Practices in Automotive Products Act" stands little chance of passing the Senate. It would rock the foundations of world trade, probably destroying as many jobs as it creates and reducing living standards in the United States and abroad.

There is a danger, however, that some form of protectionism for autos will yet slip through Congress in this election year — costing American consumers billions and seriously damaging the Western alliance.

The United Automobile Workers contend that "local content" legislation is long past due. The union notes that Western Europe — notably Italy and France — admit only token numbers of non-European autos without having provoked retaliation by Japan. It wants no restrictions on smaller foreign manufacturers, but would like to compel giants like Toyota to follow Volkswagen and Renault into American plants, creating American jobs and giving Detroit a fair fight.

But Japan's economic relationships with Europe are not analogous to its relations with the United States. Japan and the West Europeans are friendly rivals, exporting many of the same industrial products.

Japan's trade with the United States is largely complementary, an exchange of American foodstuffs and raw materials for "middle-technology" manufactures. Then, too, American trade with Japan is more than a commercial relationship. It is the economic

glue in a political bond that links the two great non-Communist powers of the Pacific in a strategically vital way.

In the crudest economic terms, Japan's losses from a local-content law would not be matched by American gain.

To be sure, two or three giant new Japanese plants in America plus increased production by Detroit, would put perhaps 200,000 Americans to work. But they would largely displace most of the 160,000 other Americans who now sell, service and transport cars manufactured in Japan.

American consumers, meanwhile, would pay dearly for the "Made in USA" label on Japanese autos. A strict local-content rule would force some Japanese manufacturers out of the American market altogether. Others would need to concentrate on a few models to meet the 90-percent requirement. And as Japanese car makers absorb the higher American production costs, car prices would rise, in the estimate of the Commerce Department, by about 10 percent.

It is precisely this cost problem that has led Detroit to transfer some of its minor divisions to low-wage plants in northern Mexico.

The most disturbing aspect of all such protectionist legislation is that it would not long be confined to automobiles.

The worldwide recession has created great pressure to protect jobs in every industrial country. Why would Japan (or, say, France) keep on importing American aircraft or chemicals or tractors when millions of its own workers are unemployed?

Neither the Senate nor President Reagan favor the autoworkers' bill. But a "compromise" that sets more modest local-content rules could prove tempting, particularly to a besieged Republican majority in the Senate. Once started down that road, Congress will find it increasingly difficult to stop.

### Other Editorial Opinion

#### Leverage Over Israel

Within the Middle East it is now seen that the [U.S.] administration has the leverage over Israel, and the will, reluctantly, to use it. It is also seen that Israel obeys, though possibly at the expense of what she feels to be her best immediate interests.

There is a moral here which will not be lost on Arab states, particularly the Saudi Arabians. They would be unwise, however, to think that such arm-twisting can be easily induced from American presidents.

The degree of American support for Israel has always given Washington such leverage; but it has also reflected the profound strategic and emotional commitment which has been a constant factor of American diplomacy for 35 years. That constancy, in spite of the carnage in Beirut, is likely to remain.

— The Times (London).

The Lebanese bomb, in short, has many spluttering fuses.

— The Sunday Telegraph (London).

#### 37 Years After

Thirty-seven years since the war ended, the Chinese people — more than half of whom were born after the war — are being reminded anew of the terrible sufferings their nation inflicted on other Asian countries.

Under a postwar constitution that redefined war, our nation has prospered, and in recent years we have tended to be forgetful of our responsibilities for that war.

The current Asian criticism of Japan's revised history textbooks does not center on the Education Ministry's screening system, but rather on the ministry's "sense of history" in rewording accounts of Japanese acts of aggression in Asian countries.

West Germany, which has a schoolbook screening system similar to Japan's, reportedly consults its neighboring countries on the contents of geography and history subjects in West German schoolbooks. Japan should emulate this example.

— The Yomiuri Shimbun.

#### AUG. 16: FROM OUR PAGES 75 AND 50 YEARS AGO

#### 1907: What for France?

PARIS — After the recent meeting of Kaiser Franz Josef and King Edward VII at Wilhelmsburg, Austria, the monarchist newspaper *Gaulois* sounds a note of pessimism: "The result of the 'imperial' interview will be a continuance of peace, by which all the powers will profit." England's commerce will thrive, Germany will obtain new openings for her trade and her people. Austria-Hungary will develop her new political bases, Russia will recover her forces, Italy will develop her finances and her youthful industries, and Spain will shine in her renascence. But what will France gain by it? Anti-militarism, pacifism and internationalism, with Socialism, Communism and humanitarianism, disarm us against the foreigner."

#### 1932: Olympic Brilliance

LOS ANGELES — After flaring brilliantly for 15 days and nights, the Olympic torch surmounting the huge track and field stadium was extinguished. The 10th Olympic Games ended with a simple ceremony almost befitting the remarkable success of the international games. Not until 1936, probably at Berlin, will a similar flame be rekindled. Gate receipts were well above the expected figure. No review of the Games can avoid the repetition of the word "record." Twenty world records in athletic endeavor were set. The final point score, on the American system, was United States, 747; Italy, 284%; Sweden, 166; Finland, 161%; France, 156%; Germany, 155; Japan, 148; Great Britain, 144; Hungary, 112½, and Canada, 103.

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## West Beirut: A Worried Look Into the Future

By J. Michael Kennedy

**B**EIRUT — This is a city of broken concrete,

flattened apartment buildings and death. Once-busy streets are now impassable because of rubble and shell craters. Whole neighborhoods are gone. The products of lifetimes of work are gone, often obliterated in seconds by a 2,000-pound Israeli bomb.

Some of the wounded have lost arms and legs and some of the dead are mutilated beyond recognition.

To little more than two months, the Israelis have inflicted damage on West Beirut and southern Lebanon to a degree that makes the war a half of civil war in 1975-76 seem almost minor.

The horror of this war is matched only by the fear of tomorrow or the day after, should the Israelis, as many here still fear, decide to wipe out mostly Moslem West Beirut.

The greatest thought for many is that this is only the beginning. Before the Israeli invasion, Lebanon seemed doomed to constant firefights, to shelling exchanged across some no-man's land and to political struggles that seemed to make little sense.

Now, assuming Israel halts its advance for good, Beirut and southern Lebanon face occupation, the agony of reconstruction and a political fiasco that could lead to another civil war.

There are already signs that the Israeli inva-

sion is heavy-handed attitude by the Christian Phalangist Party, Israel's ally against the Palestine Liberation Organization.

In the two months since the Israeli entered Christian East Beirut to cheers and a showering of flowers, the Phalangists have exerted more muscle than statesmanship.

After being cornered in a small pocket of Lebanon for the last six years, the Phalangists are letting power go to their heads.

Phalangist leader Bashir Gemayel wants to be president of Lebanon and members of his militia have moved into villages in the wake of the Israeli advance.

There have been gunfights and reports of people who suddenly disappeared with the arrival of the Phalangists.

The Phalangists are almost sure there is trouble ahead that could perpetuate politi-

cal instability and foil attempts to rebuild the country. The people in the western sector worry about what will happen when the international peacekeeping force, scheduled to over-

see the PLO withdrawal, finally departs itself.

The Lebanese Army will supposedly be the

peacekeepers, but its history of failure in

the past raises doubts.

"I am more worried about what is going to

happen after the multinational force leaves,"

one longtime Lebanon observer said. "That's what worries all Moslems of West Beirut. The coast will be clear for the trouble to start again. The battle of West Beirut is far from over."

"Just between you and me, the best thing might be to elect Bashir [the Phalangist leader]. If he were president, he might try to act responsibly. If he isn't, look out."

There are fears by some that the Israelis, after the PLO and the international force are gone, might enter West Beirut after all to finish what they did in southern Lebanon.

In the weeks that have followed the Israeli occupation in the south, thousands have been arrested, including many Lebanese, and taken to detention camps.

Even in the best circumstances, rebuilding the country will be a slow process because the destruction is so vast.

No one here is willing even to guess how much reconstruction will cost.

One Lebanese banker said that minimum construction time for a small building is two years. "And if the political scene is bad, then it will be many more years," he added.

About half of West Beirut, which normally has a population about the size of San Francisco, has either been destroyed or badly damaged, and hardly a building lacks some scar.

"We will have to have new construction on a massive scale," said an American University economics professor who asked that his name not be used. "We can work fast, but what we need first is a viable political settlement."

"If you tell me that the Israelis are going to be here for another year, if you tell me they are going to continue shelling, then why rebuild their house?" he asked.

In these circumstances, little money has been pledged for reconstruction, and Lebanon's political future remains uncertain.

But there are immediate needs that will have to be faced. The most important of these right now is food and water, both critically short in West Beirut. Shelter for the homeless could quickly become just as urgent a need.

In the stifling days of August, when rain never falls, people can survive without shelter. But the rainy season begins in October and thousands of Lebanese and Palestinians no longer have a home.

And at the moment, and especially in Beirut, there is little planning under way for the future.

It is hard to think about the future — even the immediate future — when the task at hand is just staying alive.

The author is the Los Angeles Times' correspondent in Beirut.

## Lebanese Casualty List Includes U.S. Credibility

By David Lamb

**C**AIRO — Regardless of how the war in Lebanon ends, the United States' image and credibility in the Middle East have been tarnished far more seriously than officials in Washington seem ready to admit.

In recent days a mob stoned the U.S. Embassy in Damascus; 50,000 people, including government officials, marched in Kuwait shouting anti-American slogans, and police in Cairo broke up a rally with anti-American overtones, an incident the local press did not report.

The Arab world has been particularly shocked by Washington's abstention or veto in almost every United Nations Security Council vote critical of Israel's conduct in Lebanon, especially the abstention from the 14-0 vote that called for lifting the blockade of West Beirut.

Washington's role might have been easier to take in this whole, sad affair if it had just made the symbolic gesture of taking just one morally acceptable position in the UN," said an Arab scholar who is usually sympathetic to the United States.

"I was educated in America. I believed all those things that the United States was meant to stand for — and now I find out Washington doesn't stand for them at all."

It would be difficult to find an Arab who believes President Reagan's statement that the Israeli invasion took place without Washington's knowledge or approval. Washington and Jerusalem are perceived here as partners in the destruction of Lebanon, and the words coming from the White House have not dispelled the belief. The Reagan administration has lost the trust of friends like Egypt and Saudi Arabia.

What will this loss mean to Washington? On the substantive level, probably very little. The Arab world is too disunited and too preoccupied at the moment with the spread of Islamic fundamentalism.

Some countries, such as Libya and Kuwait, have called for sanctions against the United States, but the general response of the Arab world has been remarkably muted.

Certainly nothing of the magnitude of the 1973-74 oil embargo will result from the Arabs' displeasure with Washington. Nor is it likely that the Soviet Union will be able to capitalize on Washington's uncertain relations with the Arab world.

Except for some cables of encouragement, Moscow abandoned the Palestinians in their hour of crisis and sat back while Israel destroyed Syria's Soviet-made air-defense system. The Soviet Union also continues to be excluded from any Middle East peace process — an exclusion that the United States arranged with the Camp David accords.

In many ways no one will leave the war in Lebanon with clear hands. The Arab nations supported the Palestinians with nothing but words. The Palestinians held half a million civilians hostage in West Beirut. The United States proved itself incapable or unwilling to control the war machine it had created. And Israel, no longer a defensive power, expressed little concern over the thousands of civilians who died in its "Peace for Galilee" campaign.

As a result, it is starting to look like the Reagan presidency may be best remembered not for the ideas it espoused but for those it legitimized.

The Washington Post



## How Reagan Helped Create His Own Opposition

By Fred Wertheimer

The author is president of Common Cause.

ment, the principal force in unleashing the outpouring of concern? Where, after all, was this national outcry for arms control in 1979, when the SALT-2 treaty was before the U.S. Senate?

The president's early hard-line policies and harsh rhetoric have triggered a nationwide nuclear arms control movement that is going to be with us for many years to come.

2. Fairness. The 1970s was a period of growing middle-class resentment toward the less fortunate

## Chinese Press Marks Japan's Surrender by Attacking Textbooks

Compiled by Our Staff From Dispatches  
PEKING — Revised Japanese histories of atrocities in China pose a threat to the Chinese people, Chinese press commentaries said Saturday. The commentators said a retrogression in Chinese-Japanese relations is possible.

But in statements to mark the 37th anniversary Sunday of Japan's surrender at the end of World War II, the press urged a common effort to stop a "revival of Japanese militarism" and to consolidate the two nations' friendship.

The comments in the Chinese media came only one day after two Japanese officials left Peking without resolving the controversy, which has also angered South Korea, North Korea and other Asian nations that were occupied by Japan's former Imperial Army. Japanese sources said little progress had been made in the talks, during which the Chinese media attacked

controversy. Education Ministry sources said the ministry was still refusing to amend the textbooks but had agreed on the need for measures to satisfy China and South Korea.

Another Japanese government source said the government was considering sending a senior official to Seoul in an attempt to solve the dispute. Earlier this month South Korea rejected such a move as untimely.

### Protest in Seoul

In Seoul, about 12,000 people protested over the textbook issue in a demonstration to mark the 37th anniversary of independence from Japan. Police held back hundreds of relatives of victims of Japanese atrocities during the 36-year colonial rule.

Chinese television broadcast a film Sunday on Japan's actions during the 1937-45 occupation of China. The television commentator condemned "distortion of historical truth in textbooks."

An advance copy of the Sunday editorial in the People's Daily said the Japanese Education Ministry was trying to make fools of the Japanese people by revising textbooks to make them "forget the disasters brought to them by the Japanese militarist aggression."

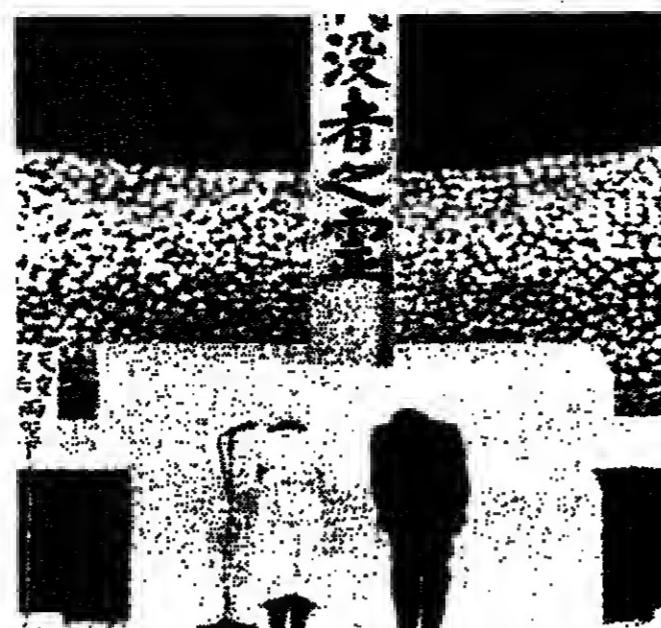
"This attempt is also a provocation and threat to the Chinese people and peoples in the Asian and Pacific region," the Communist Party newspaper said in the editorial. It accused unidentified Japanese of trying to lead Japan "to the old path of militarism" and said whitewashing of the war in new textbooks is "an intolerable step."

**Criticism in Japan**

Major Japanese newspapers attacked the government of Premier Zenko Suzuki on Saturday for its handling of the affair. "Suzuki will be guilty of contemptible procrastination if he decides to state his position only after anti-Japanese demonstrations erupt abroad," the Yomiuri Shimbun said in an editorial entitled "Suzuki's silence."

Mainichi Shimbun criticized the government for authorizing what the newspaper called unjustifiable revisions of texts.

The Japanese education minister, Heiji Ogawa and top ministry officials held an emergency meeting to discuss ways to defuse the



WORLD WAR II SERVICE — Crown Prince Akihito and Crown Princess Michiko of Japan honored 2.5 million war dead at Tokyo's Martial Arts Hall on Sunday. The Japanese were marking the 37th anniversary of the end of World War II. Emperor Hirohito was ill and did not attend.

## From Riches to Rags In Canada Mining City

By Michael T. Kaufman  
*New York Times Service*

SUDBURY, Ontario — The Manoir Bar sits on the floor of a valley that was gouged out by a meteor millennia ago. Until two months ago the men drinking in the Manoir worked for two large companies and earned some of the highest industrial salaries in Canada by digging and processing the ore churning up by that meteor.

Now, over beers, they tried to explain to themselves and to a visitor how this recently prosperous city had become the place with the highest unemployment in Canada, in the Northern Hemisphere and, some said, in the industrialized world.

Last month the two giant nickel and copper companies around which this city of 135,000 grew, shut down operations and furloughed their workers because their stockpiled supplies far exceeded the demands of industrial users in the United States and Europe.

The 1,250-foot stack at Inco, which in flush times propped acetic smoke all the way to Nova Scotia, now stands dormant like a stele from a lapsed civilization.

The 13,000 miners and mill workers who in recent years have earned salaries averaging from \$20,000 to 40,000 Canadian dollars a year (about \$16,000 to \$32,000) are either using up the last of their vacation pay or are living on \$200 a week in unemployment benefits.

"I know they're in trouble and had to shut down but they invested a lot of millions in operations in Guatemala and Indonesia that they've had to put in mothballs," Mr. Artindale said. "They made the money here and they made stupid investments elsewhere. They should have put the money back here where it was made and doing something to diversify away from this one-industry situation."

"You know I don't exactly love management, Andy, but how does the guy who miscalculated the world metals market differ from one of our sucker friends who went ahead and signed a mortgage that he won't be able to meet now?" Mr. Gignac asked.

"The difference is that the guy who miscalculated on the mortgage only burns himself and his family while the company's mistake hurts all of us and the guys who made it are probably still going to be eating pretty good restaurant food in Toronto," Mr. Artindale replied.

"You got a point," Mr. Gignac said.

Actually, both Inco, which for years dominated the world nickel market, and the somewhat smaller Falconbridge Nickel Mines Ltd. have suffered cuts in their administrative staffs as things turned from bad to worse to awful.

"I can see it going to 50 percent before the end of the year," Mr. Soucie said, "and the only thing that can reverse the trend is a drop in the interest rate in the United States, which I can't see taking place next year."

In addition, Inco and Falconbridge are paying about \$30 a week in supplemental payments to the furloughed workers.

"Hell man, it's still summer and most of the men are enjoying their fishing and their beer," said John Gignac, a young-miner and former labor leader who was being kidded for having bought a new video recorder last week. Like many people here, Mr. Gignac is a second-generation miner and has pride in his community.

"We're kind of a joke in Canada with a lot of people coming and writing things about the desolate monsoon and the slag heaps like we were the armip of the continent," Mr. Gignac said. "This is a fine place with all kinds of people cooperating — Italians, Ukrainians and French Canadians. Finn — and I like living here and I hope my three kids will live here when they grow up."

"There's nothing wrong with Sudbury," he said. "What's in a mess is the economy; not just here but around the world."

"You blame the world economy but I got to blame the companies and the government," interjected Andy Artindale, who has worked for the last 14 years for Inco, the larger of the two companies.

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## U.S. Black Migration To Suburbs Was Record

By Robert Pear  
*New York Times Service*

WASHINGTON — Blacks moved from cities to suburbs in record numbers in the 1970s, but experts disagree over whether the migration signified an improvement in social and economic position.

The black population of the suburbs rose from 2.8 million in 1960 to 3.6 million in 1970 and nearly 6.2 million in 1980, census figures show.

William P. O'Hare, a demographer at the Jolt Center for Political Studies here, said: "A vast majority of the blacks who moved to the suburbs during the last decade came from central cities."

The proportion of blacks living in central cities declined in the 1970s for the first time in many decades.

### Census Bureau Study

Larry Long and Diana DeArce of the Census Bureau noted in a study that 57.8 percent of the black population lived in central cities in 1980 as against 58.2 percent in 1970. A central city is the hub of a metropolitan area; it includes all the territory within the political boundaries of a city.

The black population of four large central cities — Washington, Philadelphia, Cleveland and St. Louis — declined from 1970 to 1980. Mr. Long said that as a "big surprise." He attributed it to the "combined effects of the suburbanization of blacks and the declining rate of migration from the rural South to the urban North."

In an interview Friday, Mr. O'Hare said: "During the 1970s, for the first time ever, the numerical increase in the suburban black population was greater than the numerical increase in the central city black population."

The number of central cities with black majorities increased from two in 1960 to 10 in 1980, he observed.

As blacks move to the suburbs,

Mr. Long said that the movement indicated "an increasing level of integration" in the suburbs. But Mr. O'Hare disagreed, saying, "the increased rate of black suburbanization is more an indication of 'spillover,' or the extension of city neighborhoods into the suburbs than of upward black mobility into racially integrated suburbs."

Dwight L. Johnson, a Census Bureau analyst of racial data, said: "Suburban does not mean middle-class. Nearly 25 percent of blacks who live in suburban areas are below the poverty line."

Mr. Long said that the evidence seemed to support the "spillover hypothesis" for Cleveland, Chicago and Detroit but not for Philadelphia, Washington and St. Louis. In the second group of cities, he said, there was a substantial growth in the black population of suburbs beyond the inner ring adjacent to the central city.

The proportion of all blacks living in central cities has declined slightly since 1970. But Mr. O'Hare said: "Blacks now comprise a much larger percentage of the population of the central cities because whites have continued to move out of those cities at a much faster rate than blacks."

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## Errant U.S. Document, TV Show Fuel Mexican Anger at Washington

By Alan Riding  
New York Times Service

MEXICO CITY — Leading Mexican officials are upset at what they believe to be an orchestrated effort by the Reagan administration to exploit the country's current economic crisis and promote criticism of Mexico through news organizations.

This reflects heightened sensitivity of the government of President José López Portillo to criticism since Mexico's economic crisis erupted this year.

The indignation with U.S. news organizations began on July 25 with the ABC television program "Mexico: Times of Crisis." In an interview, the U.S. ambassador to Mexico, John Gavin, referred to fears that Central America's troubles could spill over into Mexico.

Then the Mexican government obtained a copy of what Mexico City officials described as a confidential U.S. State Department briefing paper that said Mexico could make important economic concessions and be "less adventurous" in its foreign policy as a result of the economic crisis.

Newspaper Column

Mameli Buendia, who first reported the existence of the briefing paper in his column in the newspaper Excelsior, said it was "proof" that Washington had been "the instigator of the escalating attacks against Mexico in certain important magazines in the United States and on the ABC television network."

Stanley A. Zuckerman, public affairs officer at the U.S. Embassy, said that the document — as described by Mr. Buendia — did not support the columnist's conclusion. "Anyone who knows anything about the American government and the American media knows this is an absurd charge," Mr. Zuckerman said.

Until recently, despite sharp differences over policy toward Central America, the two governments emphasized an improvement in ties as a result of what appeared to be a close personal relationship between Mr. Reagan and Mr. López Portillo, who met on four separate occasions last year.

### Distrust of Enders

Mexican officials, however, regard the U.S. assistant secretary of state for inter-American affairs, Thomas O. Enders, as "virtually anti-Mexican." The briefing paper bears what appear to be the initials of Mr. Enders.

Much of the three-page document, dated June 26, discusses Mexico's oil boom, economic conditions and political mood before the July 4 presidential elections, won by the governing party's candidate, Miguel de la Madrid Hurtado, who succeeds Mr. López Portillo in December.

"Our improved relationship promises to be severely tested in the months ahead as both countries seek to repair their economies," it says.

The document adds that Mexico's "retirement" can stimulate the flow of undocumented workers to the United States. It also suggests that U.S. financial assistance to Mexico, although minuscule compared with needs, "could be helpful in pointing Mexico toward the right internal policies."

Most upsetting

Most upsetting to Mexican officials, however, is the final paragraph, which says that Mexico's economic crisis may lead it to sell more oil and gas to the United States at better prices, ease restrictions on foreign investment, negotiate a trade agreement and cooperate in controlling illegal migration.

"Similarly, with the wind out of its sails, Mexico is likely to be less adventuresome in its foreign policy and less critical of ours," the document says. "It would be unrealistic to expect, however, that even an economically chastened Mexico will compromise its prickly independence."

Mr. MacArthur was charged with the murders of a nurse, Bridie Gargan, in a Dublin park July 22 and a farmer, Donal Dume, at his farm west of Dublin three days later. Born in Dublin, Mr. MacArthur is a graduate of Britain's Cambridge University and is unemployed, police said.

U.S. officials focused attention on the issue last winter by charging that the Nicaraguans were engaged in a campaign of genocide against the Indians.

Whatever happened at Leinus,

the Sandinistas have concentrated much of their military buildup in areas of Nicaragua populated by Indians.



**SALVADORAN FOES** — A soldier watched over a prisoner taken during seven hours of fierce fighting last week against rebels near San Sebastian, about 30 miles from San Salvador. At the same time, El Salvador's government said it mounted an operation that wiped out three rebel camps about the same distance north of the capital.

## U.S.-Nicaragua Dispute Buffets Exiled Indians

By Raymond Bonner  
New York Times Service

**MOCORÓN, Honduras** — For generations few people, except missionaries from the Moravian Church, knew much about the Miskito Indians who lived in Nicaragua's Atlantic Coast region.

But in the last eight months, the Miskitos have found themselves in the center of controversy. The Nicaraguan government has charged that some of their leaders are subversives, and the Miskitos have been the focus of attention by the United States, which uses their case as an example of what it sees as human rights abuses.

Disrupted by border warfare, displaced by Nicaraguan attempts to resettle and integrate them, and sometimes motivated by a desire to join Nicaraguans in exile, about 15,000 of the 125,000 Miskitos have fled to Honduras. Most of them are struggling to survive in a refugee camp near here.

### Resettlement Plans

Officials from the Office of the UN High Commissioner for Refugees are trying to resettle the Miskitos on their own parcels of Honduran land. There are miles of uninhabited, fertile land in this region, more than enough to allow the refugees to become subsistence farmers.

Officials believe that the relocation, in addition to fostering self-sufficiency, would reduce the ravages of epidemics arising among the thousands of people living in the squalid conditions at Mocorón.

The relocation plans have been resisted by some of the Indian leaders, including Steadman Fagoth Muller, who has gone on a tour of the United States to make a case against the Nicaraguan government's treatment of the Indians.

The relief workers believe that he and others who share his view are opposed on the ground that it will be easier to keep world attention on the Miskito issue if the Indians are kept in a group.

Their presence is an embarrassment to the Nicaraguans, a relief worker said.

Whatever happened at Leinus, the Sandinistas have concentrated much of their military buildup in areas of Nicaragua populated by Indians.



**Mocorón area is site of Miskito Indian refugees, who have fled from Nicaragua.**

Under the regime of Anastasio Somoza, the Indians were left alone. After his overthrow in 1979, the new Sandinist government in Nicaragua decided to end their isolation, more than enough to allow the refugees to become subsistence farmers.

According to Sifrit Williams, 52, a refugee leader who wants to overthrow the Sandinists, the Miskitos generally preferred the Somoza government because it did not intrude in their lives.

"The Socialist system goes against their grain," said Brian Adam, 27, a volunteer for World Relief, an evangelical organization. Mr. Adam, who is the only one of some 50 relief workers here who speaks Miskito, said that from his parents and other missionaries, the Miskitos had acquired "pro-Western, pro-American" values.

In accusing the Sandinists of human rights abuses, Reagan administration officials have relied in part on Miskito accounts of an incident on Dec. 23 last year. On that day, according to some refugee leaders, Sandinist soldiers killed about 100 Miskitos, including women and children, in the Nicaraguan border town of Leinus.

But international relief workers here, including Peace Corps volunteers, said the attack may have been provoked when a force of about 200 armed Miskito men left the Mocorón refuge to take part in a raid on Leinus.

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## A Feverish Tension Grips Managua's Streets

### Sandinistas' Former Allies Turn Bitter Over Seemingly Arbitrary Militarism

By Christopher Dickey  
Washington Post Service

**MANAGUA** — A Nicaraguan business leader, Enrique Bolanos, was on his way with a friend to a farm near here last month when five uniformed men wearing black berets and carrying submachine guns stopped them. The two were taken to a low-ceilinged building with heavy walls and doors and almost no windows.

The building, located in the middle of a military compound overlooking the earthquake-wrought ruins of Managua, is the Bunker. Once the command center of Anastasio Somoza, it is now the nerve center for the ruling Sandinista military organization, a complex of often mysterious intelligence, security and command operations.

Both men were released the next day after cursory questioning, and Mr. Bolanos, still puzzled, said later: "I would like to know why I went in and why I got out."

Few people, including those who are jailed there, ever know for certain what goes on in the heavily guarded buildings. But as the elaborate heart of the concept of "organized people in arms" that the Sandinistas have championed here, the Bunker has become a symbol for much that is resented and even feared about the once overwhelmingly popular Sandinista government.

Many of those former Sandinistas are no longer in the country. Some have taken up arms against the government.

Moreover, while the Sandinistas have been losing friends, their old enemies, about 2,000 former soldiers of Mr. Somoza's National Guard who escaped imprisonment, have regrouped and taken the offensive.

### Remnant of Failure

In the conference room of the Bunker there are two maps. One, tattered but preserved beneath glass on a long table, is of Managua, with blue arrows marking the final, unsuccessful strategies of the National Guard. It was left behind when Mr. Somoza and his soldiers

watched his world collapse three years ago. Defense Minister Humberto Ortega Saavedra now sits, seemingly remote from the hysteria of war fever gripping the streets of the capital as threats of rebellion and a possible clash with Honduras grow more pronounced.

The Bunker compound is officially called El Capone, after a 1920s stronghold of the revolution's hero, Augusto C. Sandino. But just as it represented the isolation and alienation of Mr. Somoza in the dying days of his dictatorship, the Bunker now evokes in the minds of many Nicaraguans the sometimes seemingly arbitrary militarism of the new government that has alienated and embittered many of those who jubilantly marched with the Sandinistas when they took power on July 19, 1979.

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### Increased Polarization

A long line arching around the western perimeter of the country traces the alleged route of U.S. spy planes, and little geometrical figures off the coast are to record sightings of U.S. surveillance ships.

As the pictured threats have grown greater, so have divisions among the Nicaraguan people and in the Sandinista's own ranks. Increasingly, Nicaraguans find themselves pressured to be either for or against the people of the Bunker.

"What I said is that if there's an invasion, the people can use violence against those who support the invasion," said Mr. Ortega, a mild-mannered man left slightly crippled by bullet wounds from his years underground. "Sure, people are going to hang and people will be killed. Because a war is not pretty. It's like that."

In the cool of the conference room from which Mr. Somoza

deserted the compound. On its margins are scrawled the names and numbers of key guard commanders.

The other map, occupying an entire wall, is a topographic depiction of the country that shows the forces that the Sandinistas believe are arrayed against them. Mr. Ortega points to various features.

Just across the northern border in Honduras, little circles mark 13 sites that the Sandinistas say are used as major bases by "counterrevolutionaries," many of them former guardsmen allegedly receiving aid from elements of the Honduran Army and covert support from the Reagan administration.

Within Nicaragua, large rectangles mark off 14 outposts of anti-Sandinista rebels ranging through the provinces of Nueva Segovia, Esteli, Jinotega and Managua in the west and the length of the troubled Atlantic Coast in the east, from near the Coco River in the north to the village of Atlanta, below Bluefields, in the south.

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| Am.  | Security            | % Mat. | Avg. Price | Avg. Mat. Life | Curr. | Am. | Security            | % Mat. | Avg. Price | Avg. Mat. Life | Curr.    |
| 120  | Alcoa               | 12/27  | 94 1/2     | 12.46          | 12.46 | 120 | ITALY               | 7/24   | 93 1/2     | 12.46          | 12.46    |
| 121  | Alcoa-Furnace-Ebba  | 12/24  | 94 1/2     | 12.42          | 12.42 | 121 | Alcoa-Furnace-Ebba  | 7/24   | 93 1/2     | 12.42          | 12.42    |
| 122  | Alford TelCo        | 12/24  | 94 1/2     | 12.42          | 12.42 | 122 | Alford TelCo        | 7/24   | 93 1/2     | 12.42          | 12.42    |
| 123  | Alfred Maier & Sons | 12/24  | 94 1/2     | 12.42          | 12.42 | 123 | Alfred Maier & Sons | 7/24   | 93 1/2     | 12.42          | 12.42    |
| 124  | Alfred Maier & Sons | 12/24  | 94 1/2     | 12.42          | 12.42 | 124 | Alfred Maier & Sons | 7/24   | 93 1/2     | 12.42          | 12.42    |
| 125  | Alfred Maier & Sons | 12/24  | 94 1/2     | 12.42          | 12.42 | 125 | Alfred Maier & Sons | 7/24   | 93 1/2     | 12.42          | 12.42    |
| 126  | Alfred Maier & Sons | 12/24  | 94 1/2     | 12.42          | 12.42 | 126 | Alfred Maier & Sons | 7/24   | 93 1/2     | 12.42          | 12.42    |
| 127  | Alfred Maier & Sons | 12/24  | 94 1/2     | 12.42          | 12.42 | 127 | Alfred Maier & Sons | 7/24   | 93 1/2     | 12.42          | 12.42    |
| 128  | Alfred Maier & Sons | 12/24  | 94 1/2     | 12.42          | 12.42 | 128 | Alfred Maier & Sons | 7/24   | 93 1/2     | 12.42          | 12.42    |
| 129  | Alfred Maier & Sons | 12/24  | 94 1/2     | 12.42          | 12.42 | 129 | Alfred Maier & Sons | 7/24   | 93 1/2     | 12.42          | 12.42    |
| 130  | Alfred Maier & Sons | 12/24  | 94 1/2     | 12.42          | 12.42 | 130 | Alfred Maier & Sons | 7/24   | 93 1/2</td |                |          |

## INTERNATIONAL BUSINESS / FINANCE

MONDAY, AUGUST 16, 1982

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**Tax Fear Unhinges Bond Sales**

By Terry Gross

**LONDON** — Even for those who scoff at superstition, last Friday, the 13th, was an unlucky day in the Eurobond market, as talk of some changes in U.S. tax law threw a dark cloud over the status of many of recent issues by U.S. borrowers.

Initial reports from Washington Sunday indicated that the version of the tax bill approved early Saturday.

**Eurobonds**

day morning by a U.S. congressional committee contained language designed to make the Eurobond market breathe easier. But industry specialists were still scouring the bill sent to the House and Senate floors for final approval in an attempt to determine under what conditions the issues could proceed.

The issues — by IBM, Du Pont, Xerox, Manufacturers Hanover and American Natural Resources — all had two things in common: All featured warrants enabling holders to purchase future bonds during a set period, and all were due to be signed last week.

None was signed.

The U.S. Congress, in formulating its tax package, included language that bankers here said was primarily intended to insure that holders of domestic U.S. bonds pay taxes on their earnings from those securities. The bonds in question are bearer bonds, that is, securities that are not registered with the name of the owner. On such bonds, it is possible for the owner to keep coupon-earnings information from the U.S. Internal Revenue Service.

**Warrent Problem**

The problem arose in the Eurobond market because the language of the bill was such that it would take all Eurobonds by U.S. issuers under its umbrella. Eurobonds are all in bearer form, and registration and withholding tax on Eurobonds would deter many investors from buying. Eurobonds commonly include language that allows the issuer to call the bonds if withholding tax is imposed at the source.

Specifically concerning the market last week, however, was the effect of the law on the five issues. The effective date of the law was to be Dec. 31. Thus, the actual bond issues themselves would not be affected. But the bonds derived from the warrants would have come under the law because they would be issued after Dec. 31.

What was at stake was a two-fold unknown for the investor and the issuer. The investor would be asked to buy a warrant for a bond that might have to be registered and on which withholding tax might have to be collected. While that might be all right for some, the issuer was facing additional cost because if the law were enacted, the issuers of the five warrant-related bonds would be barred from claiming a deduction for the interest paid on the bonds. They would, therefore, be issuing warrants for bonds to which would be attached a huge unplanned cost.

The situation remained cloudy Sunday, but one Washington source said that technical language had been worked out between congressional committee staff members and representatives of the U.S. companies that would exempt Eurobonds from registration. The language appears to mean that there would be no withholding of tax on Eurobond issues, the source said.

**Waiting for Light**

A congressional committee staff member said that, under the provisions of the bill, there would be no withholding on Eurobond interest because the securities were not intended for sale to "a U.S. person," a term for which there was no ready definition. However, if a U.S. person does receive interest from Eurodollar bonds, there would be a penalty if that money were brought back to the United States, because such an act would be a violation of the registration provisions, the staff member said.

The penalty amounts to 1 percent of the principal amount of the obligation multiplied by the number of years elapsed since the security was issued, he said.

On Friday, traders waited all morning for some kind of clarification from the lead managers but went to lunch still in the dark. Late in the afternoon, Morgan Guaranty, which led the IBM and DuPont issues, sent telegrams to all co-managers and underwriters explaining that the documentation for the bonds would be changed to contain new language taking account of possible changes in U.S. tax law.

"Because the law has been proposed (Continued on Page 9, Col. 2)

**NEW EUROBOND ISSUES**

| Straight<br>FRN<br>Warrant<br>Conv. | Borrower                         | Amount<br>(millions) | Maturity | Coupon % | Price  | Yield<br>At Offer | Terms   |
|-------------------------------------|----------------------------------|----------------------|----------|----------|--------|-------------------|---|
| •                                   | Deutsche Bank Luxembourg         | \$300                | 1989     | 14 1/4   | 100    | 14 1/4            | Signing delayed   |
| •                                   | Du Pont                          | \$200                | 1989     | 14 1/4   | 100    | 14 1/4            | Exercisable into 13 1/4% notes of 1987.                                     |
| •                                   | Du Pont                          | 0.20                 | 1986     | —        | \$38   | —                 | Non-callable.   |
| •                                   | Girozentrale & Bk Der Oest.      | \$50                 | 1989     | 15 1/4   | 100    | 15 1/4            | Signing delayed. First call at par in 1985.                                 |
| •                                   | Man. Hanover Overseas            | \$100                | 1986     | 13 1/4   | 100    | 13 1/2            | Exercisable into 13 1/4% notes of 1987 at par.                              |
| •                                   | Man. Hanover Overseas            | 0.20                 | 1985     | —        | \$18   | —                 | —   |
| •                                   | Pacific Lighting Sth. Calif. Gas | \$50                 | 1989     | 15       | 100    | 15                | —   |
| •                                   | Xerox                            | \$100                | 1987     | 14       | 100    | 14                | Signing delayed   |
| •                                   | Xerox                            | 0.10                 | XX       | —        | \$30   | —                 | Exercisable into 13 1/4% notes of 1987.                                     |
| •                                   | Credit Foncier                   | \$60                 | 1990     | + 1/4    | 100    | —                 | Over 6-month Singapore interbank offered rate.                              |
| •                                   | Quebec Province                  | ca\$50               | 1988     | 16 1/4   | 100    | 16 1/4            | First call at 101 in 1986.  |
| •                                   | Block & Decker Finance           | ca\$100              | 1989     | 9 1/2    | 99 1/2 | 9 2/3             | Non-callable.   |
| •                                   | Int'l Standard Electric          | ca\$100              | 1992     | 9 1/2    | 100    | 9 1/2             | First call at 101 in 1988.  |
| •                                   | ITT Antilles                     | ca\$100              | 1992     | 9 1/2    | 100    | 9 1/2             | First call at 101 in 1988.  |
| •                                   | Asian Development Bk             | DF\$100              | 1992     | + 11     | 100    | 11                | —   |
| •                                   | World Bank                       | DF\$250              | 1992     | + 11     | open   | —                 | Non-callable. Starting Fund to start in 1986 to provide for averaging life. |

**Fed Seems Eager to Push Interest Rates Down**

Compiled by Our Staff From Dispatches

**NEW YORK** — The Federal Reserve's latest discount rate cut confirms that the central bank has become more eager to push down interest rates and thus help revive the U.S. economy, analysts say.

The Fed announced late Friday a 1/4-point cut, to 10 1/4 percent, in the rate it charges on loans to banks. The move sent interest rates

Jeffrey Leeds, a money market analyst for Chemical Bank also traced the Fed's move to worry about the economy's torpor. "The Fed is setting a clear policy of being more accommodative and injecting more reserves into the economy," Mr. Leeds said. "It's been a very significant adjustment in the rate structure and a very welcome sign for the financial markets."

Another reason cited by analysts for the push toward lower rates by the Fed was the failure announced Thursday of a small government securities firm, Lombard-Wall Inc. An easier credit posture by the Fed would be designed to calm worries of market participants.

The Fed's reduction in its key lending rate, which becomes effective Monday, came two weeks after it lowered the rate to 11 percent from 11 1/4 percent and 24 days after it made a half-point cut to 11 1/4 percent.

The four banks that cut their prime rates to 14 1/4 percent are Manufacturers Hanover Trust, Mellon Bank, Chase Manhattan Bank and Chemical Bank. The prime rate, which is a guide to the rates banks charge for loans to their best corporate customers, had declined from 16 1/4 percent in mid-June to 15 percent in the first two weeks of August.

As it has in the two recent reductions in the discount rate, the Fed said its action was prompted by modest growth in the money supply, which is regarded as having an strong bearing on the course of interest rates.

To economists and money market analysts, the discount rate cut confirmed the belief that the Fed has made stimulating the economy a higher priority than the past while relaxing somewhat its aggressive attempts over the last two years to bring interest rates down

**U.S. CREDIT MARKETS**

**U.S. Consumer Rates**  
For Week Ended Aug. 13.  
Passbook Savings ..... 5.50 %  
All Savers' Certificates ..... 8.54 %  
6-Month Savings Certificates ..... 11.34 %  
Tax-Efficient Bonds  
Bond Saver 20-Year Index ..... 11.86 %  
Money Market Funds  
Dow Jones 7-Day Average ..... 11.50 %  
Home Purpose  
FHLMC average ..... 17.28 %

through tight control of the money supply. "The Fed's move says you don't need the money supply as an indicator of policy, because the policy has become so clearly designed to inject reserves to the banking system," said Mr. Leeds.

M-1 Grows \$2 Billion

Late Friday, the Fed reported that the basic money supply, known as M-1, expanded by \$2 billion in the week ended Aug. 4. The increase was right on target with Wall Street expectations and became one more factor in extending a strong two-day rally in the government securities market.

Short-term Treasury bills plunged in yield by a full percentage point on Thursday and Friday. Three-month bills were offered late Friday at a yield of 8.85 percent, while six-month bills were offered at 9.9 percent. By contrast, both of these maturities yielded well above 14 percent in mid-February.

Meanwhile, the Treasury's bellwether 14-percent bond on Friday soared 2 1/2 points, or \$25 for each \$1,000 face value, in a performance that dazzled dealers and customers alike. The bond finished at a price of 108 30/32, to yield 12.82 percent. It was its highest price and lowest yield since the bond traded in late 1981 at 110.

Signs of lower interest rates also helped push prices sharply higher

on the New York Stock Exchange Friday. The Dow Jones industrial average climbed 11.13 to 788.05, its first gain in eight days.

Analysts were divided on whether rates are likely to continue dropping.

The bond market "really jumped," said W. Lee Hoskins, chief economist for Pittsburgh National Bank. "If these rates hold, then I'd expect we would see the prime rate moving down another notch."

Robert Jones, chairman of Money Market Services Inc., said the Fed may reduce the discount rate to 9 percent by the end of October. Lower rates will be needed, he said, because even with the latest cut, interest rates remain historically high when adjusted for inflation.

Other analysts said they do not expect further reductions in the discount rate soon. "We've seen a substantial drop, and now I'd expect the Fed to sit back, take stock of what it has done so far, and adopt a wait-and-see attitude over the near term," said Nicholas J. Marcone, an analyst for Bank of New York.

"Euphoria is permeating the markets right now," said Robert Schwartz, senior financial economist at Merrill Lynch, Pierce, Fenner & Smith Inc. "We should enjoy this while we can. I don't think this is permanent."

Meanwhile, the Treasury's

bellwether 14-percent bond on Friday soared 2 1/2 points, or \$25 for each \$1,000 face value, in a performance that dazzled dealers and customers alike. The bond finished at a price of 108 30/32, to yield 12.82 percent. It was its highest price and lowest yield since the bond traded in late 1981 at 110.

Before the Gulf offer, Cities Service stock was trading for less than \$37.75 a share, a price that had been buoyed by a previous offer for the company by Mesa Petroleum Co.

After the termination of the Gulf offer, fears of a price collapse

tion through a petroleum pipeline in which both companies had an interest.

Industry analysts said between staunchly independent Occidental, noted for its international activities, and the solidly domestic Cities Service appeared to make economic sense.

Constantine Plakias of Merrill Lynch, Pierce, Fenner & Smith, said, "They complement each other well."

Sal Hirsch of Unterberg, Rothschild & Towbin, said, "Oxy really doesn't have much in the way of reserves in the United States, and they have a tradition of acquisitions."

Last year, for example, Occidental surprised business analysts by acquiring Iowa Beef Processors, after previously expanding into coal and other energy areas.

Analysts suggested that acquisition of Cities Service would dramatically increase Occidental's domestic oil reserves, which are considerably overshadowed by the company's foreign holdings. Occidental would, in effect, be acquiring oil reserves at about \$5 a barrel, compared to a finding cost of \$15.

**Zero-Coupon Notes**

Occidental's letter, dated Friday, said that it is "prepared to commence on or before" next Thursday the cash tender offer for half the shares.

This first stage would be followed by a merger under which each remaining Cities Service share would be converted into \$33.33 of zero-coupon Cities Service notes guaranteed by Occidental and one-third of a share of Occidental's preferred stock.

With a zero-coupon instrument, the return for the investor is the difference between what is paid for the issue and what is received at maturity.

**Economic Sense**

A commission official, who asked not to be identified, said his agency will be examining the anti-trust implications of the offer, but declined to comment on what action might be taken.

The agency had objected to the Gulf offer because it would have denied competition in certain gasoline and aviation fuel markets, and possibly infringed on competi-

This announcement appears as a matter of record only.

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Algemene Bank Nederland N.V.

Banque Generale du Luxembourg S.A.

Deutsche Bank Aktiengesellschaft

Greenshields Incorporated

Hambros Bank Limited

Orion Royal Bank Limited

Salomon Brothers International

Swiss Bank Corporation International Limited

S.G. Warburg &amp; Co. Ltd.

Amro International Limited

Bank Gutzwiler Kurz, Bungener (Overseas) Limited

Bank Leu International Ltd.

Banque Hermann Lampe Kommanditgesellschaft

Banque Ippa S.A.

Banque Paribas Populaire S.A. Luxembourg

Baring Brothers &amp; Co. Limited

Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft

Bayerische Vereinsbank Aktiengesellschaft

Berliner Handels- und Frankfurter Bank Breisach Pinschow Schoeller Bankenkommanditgesellschaft

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Chemical Bank International Group Commerzbank Aktiengesellschaft

Crédit Général, Société Anonyme de Banque

Crédit Industriel et Commercial Creditanstalt-Bankverein

Credito Italiano

Crédit Lyonnais Daiwa Europe Limited

DC Bank Deutsche Genossenschaftsbank

Dominion Securities Amex Viesma Limited

Genossenschaftliche Zentralbank AG

Handelsbank



## Saudis Said to Weigh Oil Marketing Change

**Reuters**  
MANAMA, Bahrain — Saudi Arabia is considering selling oil to companies outside the Aramco group, apparently because its four U.S. corporate partners have let the kingdom's output drop to the lowest level in a decade, the Middle East Economic Survey said Sunday.

The Aramco partners have said Saudi crude is overpriced, but Riyadh is not contemplating any cut in the kingdom's \$34-a-barrel price at present, the authoritative magazine said.

The Aramco four — Exxon Corp., Standard Oil Co. of California, Texaco Inc., and Mobil Corp. — have cut the volume of Saudi oil they are pumping and are largely behind an expected drop in output to below 5.5 million barrels daily this month, the lowest in the past decade, MEES said.

The magazine said the kingdom is seriously considering a change in marketing policy to allow foreign governments and companies to buy Saudi oil, which has been restricted to sales by the state company, PetroArab.

Aramco last year pumped 9.8 percent of the kingdom's output of 9.8 million barrels a day. MEES said output fell last May below 6 million barrels daily, rose in June to about 6.5 million and dropped to

below 6 million again in July. The kingdom's official ceiling is 7 million.

MEES said that until now Petroleum's oil sales, mainly to governments and state-run companies, have been orchestrated to serve economic and political objectives with volumes limited so that Aramco pumped the bulk of Saudi oil.

Petroleum's sales contracts, excluding oil under incentive contracts to partners in Saudi industrial projects, probably total about 1.6 million barrels a day. But actual liftings undoubtedly are much lower, in view of market conditions.

MEES calculated that the Aramco partners are probably extracting about 3 million barrels daily, compared with 7 million at peak production last year.

The magazine also reported that a four-member OPEC market monitoring committee will meet as expected on Friday in Vienna. But MEES said it is extremely unlikely that a full emergency OPEC meeting will follow because the group is too divided on prices and production to make talks useful.

An OPEC meeting last month in Vienna ended in drizzle when ministers failed to agree on output sharing to defend prices amid the global oil glut.

## World Bank Predicts Low Economic Growth

**Reuters**  
WASHINGTON — The outlook for the world economy is even gloomier than last year and there is grave concern for the poorest countries, the World Bank said Sunday.

Last year the bank predicted only modest global economic growth of between 2.2 and 3.2 percent for the 1980s.

The bank chose not to change its forecast in this year's report, but officials said it now appeared growth would be at the lower end of the range.

The report said the outlook for developing countries, especially in sub-Saharan Africa, was a matter of grave concern. It said India and China may not be able to sustain the progress they made in the 1970s without continued external assistance.

### Severely Depressed

"In the other low-income countries, which are even more heavily dependent on aid flows, output growth is likely to remain severely depressed," the bank said.

Bevan Waide, the World Bank official who oversaw work on the report, said the plight of the developing countries was compounded by the reluctance of some of the world's richer nations to contribute to multilateral lending.

The bank said the outlook for the developing world was further clouded by growing protectionism, trade sentiment and high interest rates in the industrial countries.

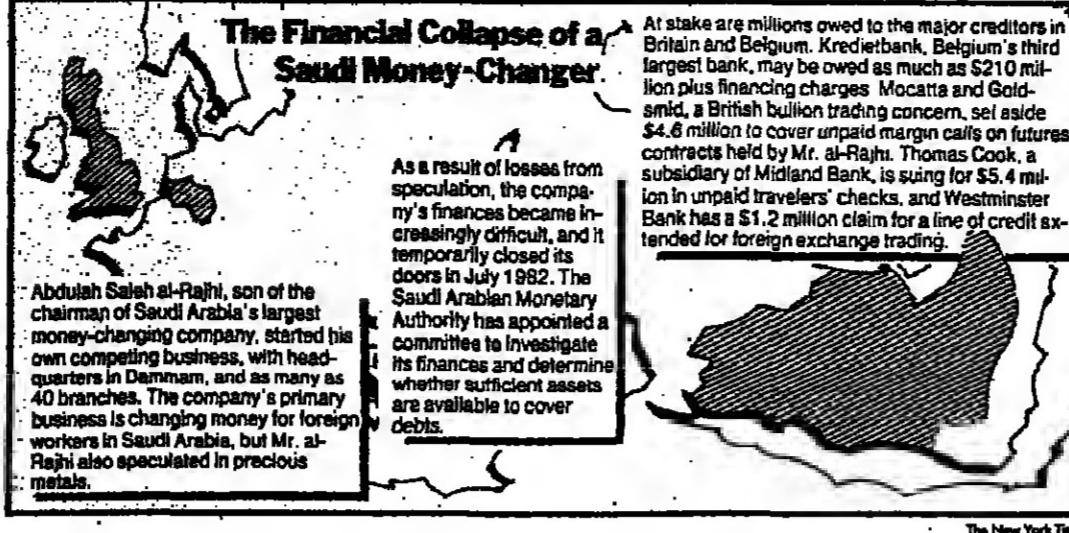
"It may be more difficult for developing countries to repeat past achievements in export growth and in penetrating markets in industrial countries," the report said.

### Monetary Policy Criticized

It also noted that Poland's inability to meet the bulk of its debt obligations to Western lenders this year had had "a chilling effect on the World environment for capital flows."

The outlook for industrial countries, it said, although not as dire as that for the developing nations, was nonetheless far from encouraging.

## The Financial Collapse of a Saudi Money-Changer



## Creditors of Saudi Firm Hopeful

### Officials Probe Affairs of Debt-Laden Money-Changer

By Steven Ratner  
*New York Times Service*

LONDON — The affairs of a Saudi Arabian money-changer who apparently lost millions of dollars speculating in gold and silver are under scrutiny by a government-appointed committee, according to British and Saudi Arabian officials.

The appointment of the committee has raised modest hopes among creditors located mostly in Belgium and Britain that the debts of Abdullah Salih al-Rajhi Co.

— may as much as \$300 million — may be repaid.

Under the appointment of the committee by the Saudi Arabian Monetary Authority, the closure of the company in mid-July after a year of difficulties had sent the creditors scurrying to protect the collateral they had for their loans.

The company was closed down temporarily to see if its assets are enough to cover its debts, a foreign diplomat in Riyadh said in a telephone interview. "It may have sufficient assets to pay off its debts."

The committee has asked Whinney Murray & Co. to audit claims for debts submitted by foreign companies that had dealings with the Saudi Arabian money broker.

The problems of the money-changer, Abdullah Salih al-Rajhi, son of the chairman of Saudi Arabia's biggest money-changing com-

pany, are expected to result in controls within the kingdom on money-changers, who have expanded over the years into virtual banks.

Much of their business concentrated among foreign workers, who convert their Saudi riyals into other currencies and send the money home. The money-changers also accept deposits, but do not pay interest.

Partly because of the lack of government regulation, most debts about the younger Mr. al-Rajhi's business are not known. With headquarters in Damman, he is thought to have had as many as 40 branches throughout the province, where most of the foreign workers are located.

Like many money-changers, he also dealt in precious metals — his father is the biggest dealer in gold and foreign currency in the country.

The son, however, speculated with little evident success.

Last February, Mocatta & Goldsmith, the bullion-dealing subsidiary of the Standard Chartered Bank, announced that its profits for 1981 had been nearly cut in half by a \$4.6-million provision for unpaid margin calls on gold futures contracts held by the Saudi company.

Al-Rajhi's largest creditor is Kredietbank, Belgium's third-largest bank, which is reported to have a \$210 million claim, plus financing costs of as much as \$50 million.

At stake are millions owed to the major creditors in Britain and Belgium. Kredietbank, Belgium's third largest bank, may be owed as much as \$210 million plus financing charges. Mocatta & Goldsmith, a British bullion trading concern, set aside \$4.6 million to cover unpaid margin calls on futures contracts held by Mr. al-Rajhi. Thomas Cook, a subsidiary of Midland Bank, is suing for \$5.4 million in unpaid travelers' checks, and Westminster Bank has a \$1.2 million claim for a line of credit extended for foreign exchange trading.

The New York Times

## Many Wall Street Analysts Expect Crushing Finale to Bear Market

By William G. Shepherd Jr.  
*New York Times Service*

NEW YORK — The last leg of a bear market is often crushing: a swift plunge in stock prices on heavy volume that pounds small investors and institutions alike, leaving them with big losses and shattered emotions. In the vacuum that remains, investors can begin rebuilding their confidence.

That last leg is exactly where the stock market now seems headed. Indeed, it is hard to find anyone on Wall Street these days who does not believe, or at least suspect, that the bear market is moving into some sort of climactic phase that will purge the investment community of its pent-up fears of economic collapse.

In the past two weeks, market averages have plunged as Wall Street, beset by cruel economic news from all sides, has time after time been unable to mount a sustained rally. That is a sign, many securities analysts say, that even the most steel-willed optimists may be about to throw in their towels.

"The market's going to take the ultimate dive to culmination in the next few weeks," said James L. Freeman, director of research at First Boston Corp. "Batten down the hatches."

The Dow Jones industrial average, battered by the recession, a plunge in corporate profits and anxieties that brokerage firms as well as banks are becoming increasingly vulnerable, slid 45 points in eight sessions through Thursday before regaining 11.13 points Friday to close at 788.05.

The average is down almost 25 percent from its peak in April, 1981, of 1,030.

### Reading Tea Leaves

Confusion seems to be the order of the day. "Nobody can tell if we're starting a depression or ending one," said a mutual fund manager. "The market is one giant gamble."

"I don't know what's going on," said Barton M. Biggs, the portfolio strategist at Morgan Stanley & Co.

The market's reading tea leaves.

Many bulls — while they believe that a sharp decline is likely — are acting on the long-term assumption that a boom is coming on the other side. They are determined "to touch it out," said Robert J. Farrell, chief market analyst at Merrill Lynch, Pierce, Fenner & Smith Inc.

It is just that group of optimists, Mr. Farrell said, that must be driven to sell before the market hits bottom. As Mr. Farrell figures it, a final sell-off could come by November and maybe sooner.

A cardinal rule of the stock market, however, is that what most people expect usually does not happen. In 1974, when panic selling

### Is Doomsday Discounted?

*New York Times Service*

NEW YORK — Wall Street abounds in theories.

One is that the market's current decline may be only one phase in a much longer bear market that began 17 years ago. The argument is that the market has been discounting in piecemeal fashion, the danger of depression ever since December, 1965, when the Federal Reserve first raised the discount rate to try to slow inflation. That was when investors first realized that the cure for inflation could bring a severe economic slump.

A way to make the Dow Jones industrial average look truly disastrous — and thus make stocks appear cheap — is to adjust the average for inflation. Instead of being at 788, Friday's closing level, the inflation-adjusted Dow would be below 250, where stock prices were in the early 1950s.

Seen in that light, the market would appear to have discounted every economic disaster short of nuclear war. Or so the theory goes.

ing was widely anticipated, one of the longest and most severe bear markets ended in more of a whimper. The last leg of the bear market was spread in relatively orderly fashion over nearly three months. The worst market debacles — in 1929, 1962 and to a lesser extent in 1970 — have always been those that caught investors off guard.

The most recent example of expectations betrayed has been the market's failure to react strongly to declining interest rates. Though the spring and the first part of the summer, the prevailing wisdom was that once rates began to come down stock prices would shoot up. Short-term rates have begun to fall, but the market slide has continued.

How Wall Street reads Friday's decline in U.S. interest rates should become evident Monday.

### Granville's View

Even more disorienting is what investors perceive to be the disparity in economic policy. The inability of anyone to cut the federal budget, the flight of economic advisers from the Reagan administration, President Reagan's support for a \$39-billion tax increase. The proposed tax increase is having an especially harmful effect. Bewitched by the implications of

large budget deficits and high interest rates, Wall Street now has to worry about the proposed remedy, too.

Because the public has largely withdrawn from the market, trading this year has been dominated by institutions. Thus, if high-volume selling materializes, it may be the portfolio managers at bank trust departments, insurance companies, mutual fund and pension management firms that will do the dumping.

In the 1970 plunge, it was the professional who panicked and the much-maligned small investor who moved in to buy at the bottom and to stem the decline. Thus, it is interesting to speculate what the public might do. Joseph Granville, a flamboyant market-letter publisher who has a wide following among amateur investors and is barely disliked by the Wall Street establishment, correctly called the market's top late in 1980.

In his most recent published interview in the newsletter Bottom Line, Mr. Granville stated that he expects the Dow to bottom between 550 and 650 by January. He then foresees a rally of 200 to 300 points, possibly followed by another steep decline.

Merrill Lynch's Mr. Farrell also wields a great deal of influence among investors. His view is more temperate. "I've been saying for a long time that it could go to 700 or to the low 700s," he said. "When people start saying, 'Why stop at 700?' Why not 600, or 500? — when the risk seems open-ended — is when the bottom will occur."

Beyond that, though, Mr. Farrell said. "Once you get through this critical period, say the next six months," he said, "I believe you really will see the start of the Great Bull Market of the 80s."

| Gold Options (prices in \$/oz.) |             |             |             |
|---------------------------------|-------------|-------------|-------------|
| Price                           | Aug.        | Now         | Feb.        |
| 300                             | 11.25-14.25 | 11.00-14.00 | 10.00-12.00 |
| 350                             | 3.25-5.25   | 3.25-5.25   | 3.25-5.25   |
| 370                             | 1.25-2.25   | 9.50-12.00  | 24.50-27.50 |
| 390                             | 0.50-1.50   | 5.50-7.50   | 17.00-20.00 |
| 410                             | 0.10-0.25   | 3.50-5.00   | 10.00-12.50 |

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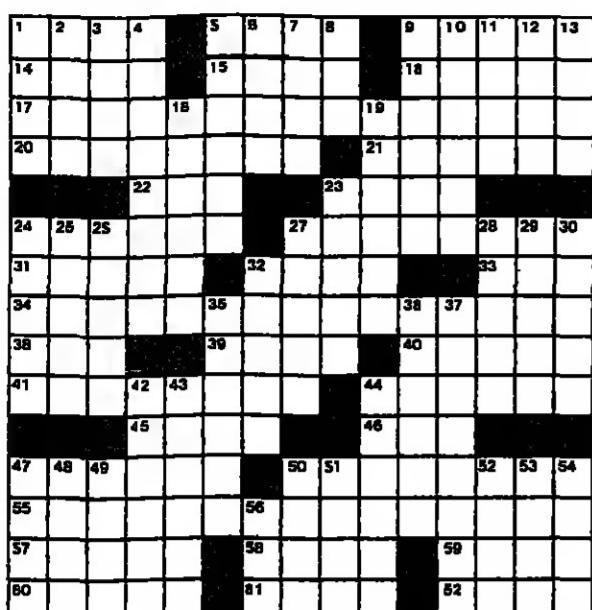
Kuwait Investment Company (S.A.K.)

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## CROSSWORD



**ACROSS**

- 1 Spoken
- 5 "Serpico"
- 9 Rowed
- 14 Passed a rope through
- 15 Suffix with assist
- 16 Kind of force or strength
- 17 Broadway hit: 1958
- 20 Watches
- 21 Pledged faiths
- 22 Aficionado
- 23 Earth sci.
- 24 Art of self-defense
- 27 Smith and Jones, e.g.
- 31 Speedily
- 32 —dixit
- 33 Corrode
- 34 Song popularized by Pearl Bailey
- 38 Homophone for Ayr
- 39 Decays
- 40 Nobelist in Physiology: 1970
- 41 Riddlers of a sort

**DOWN**

- 1 Scraps
- 2 Nicholas or "Schoolboy"
- 3 Bard's river
- 4 Military command
- 5 Oceanic
- 6 Feed the pot
- 7 Heine's sights
- 8 View
- 9 Merle of movies
- 10 Interstice
- 11 Shade of brown
- 12 Greenland settlement
- 13 Condensations
- 18 Declaims
- 44 One more time
- 45 Word with bath or lap
- 46 All routine
- 47 Observation
- 48 Counterfeit
- 49 Loesser-Carmichael hit: 1938
- 50 Hindu queen
- 51 Tip
- 52 Zola novel
- 53 Edit
- 54 Sweetshop
- 55 Lath
- 44 Sound system
- 45 Blasts
- 46 Smith and Jackson
- 47 Separate
- 48 One gathering hay
- 49 Theatrical lights
- 50 Park, Calif.
- 51 beaver
- 52 Supply
- 53 "And — a big red rose."
- 54 High-pitched voice
- 55 Holding right
- 56 Puts on the block
- 57 Up and about
- 58 Had a colt
- 59 Bursts forth
- 60 Raison d'—
- 61 Emulated
- 62 Spitz
- 63 Corn bread
- 64 Narrow shoal
- 65 Ernie or Gomer
- 66 Girasol
- 67 Arm bone
- 68 Back or bucket follower
- 69 Airline abbr.

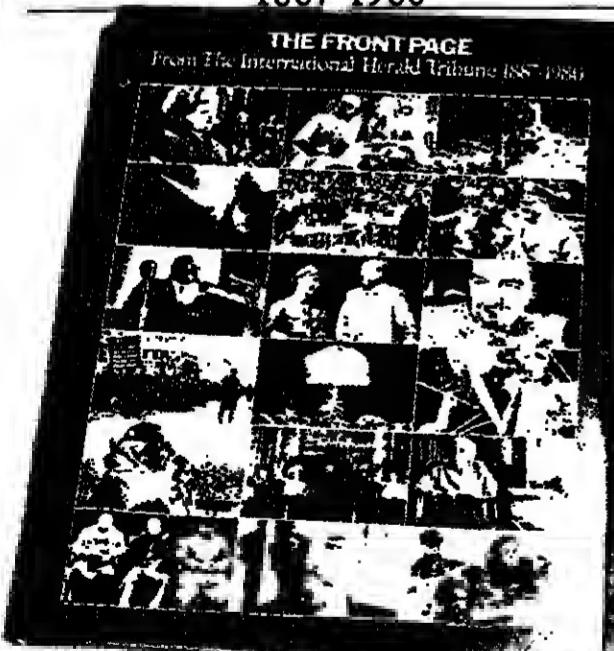
## WEATHER

|              | HIGH | LOW |   | HIGH           | LOW    |
|--------------|------|-----|---|----------------|--------|
| ALARVE       | 24   | 18  | P | CLOUDY         | F      |
| ALGIERS      | 28   | 22  | P | Fair           | Fair   |
| AMSTERDAM    | 19   | 16  | S | MADRID         | 18     |
| ANKARA       | 21   | 18  | S | Rain           | Cloudy |
| ATHENS       | 32   | 20  | S | MANILA         | 25     |
| AUGUSTA      | 12   | 10  | S | MEXICO CITY    | 29     |
| BANGKOK      | 32   | 20  | S | MONTREAL       | 29     |
| BEIRUT       | 22   | 17  | S | N.A.           | MOSCOW |
| BELGRADE     | 35   | 21  | S | MUNICH         | 22     |
| BERLIN       | 22   | 17  | S | NAROBI         | 22     |
| BOSTON       | 25   | 21  | S | NASSAU         | 21     |
| BRUSSELS     | 21   | 18  | S | NEW DELHI      | 21     |
| BUCHAREST    | 30   | 24  | S | NEW YORK       | 23     |
| BUDAPEST     | 31   | 26  | S | NICARAGUA      | 27     |
| Buenos Aires | 23   | 17  | S | OSLO           | 21     |
| CABO VERDE   | 24   | 19  | S | PARIS          | 22     |
| CAPE TOWN    | 14   | 5   | S | PEKING         | 26     |
| CASABLANCA   | 22   | 14  | S | PERU           | 19     |
| CHICAGO      | 28   | 22  | S | REYKJAVIK      | 11     |
| COPENHAGEN   | 20   | 18  | S | RIO DE JANEIRO | 25     |
| COSTA RICA   | 53   | 45  | S | ROME           | 22     |
| DAMASCUS     | 17   | 13  | S | SAO PAULO      | 20     |
| DUBLIN       | 17   | 13  | S | SEOUL          | 27     |
| EDINBURGH    | 19   | 14  | S | SINGAPORE      | 26     |
| FLORENCE     | 33   | 21  | S | STOCKHOLM      | 19     |
| FRANKFURT    | 22   | 16  | S | SYDNEY         | 18     |
| GENEVA       | 28   | 22  | S | TAIPEI         | 24     |
| HAKARE       | 16   | 8   | S | TEL AVIV       | 21     |
| HELSINKI     | 26   | 12  | S | TOKYO          | 22     |
| HONG KONG    | 31   | 28  | S | TUNIS          | 22     |
| HOUARNE      | 35   | 28  | S | VENICE         | 21     |
| ISTANBUL     | 27   | 21  | S | VIENNA         | 27     |
| JERUSALEM    | 34   | 26  | S | WARSAW         | 25     |
| LAS PALMAS   | 22   | 20  | S | WASHINGTON     | 23     |
| LIMA         | 20   | 18  | S | ZURICH         | 23     |
| LISBON       | 24   | 17  | S |                |        |
| LONDON       | 21   | 17  | S |                |        |

Readings from the previous 24 hours.

## THE FRONT PAGE

The International Herald Tribune  
1887-1980



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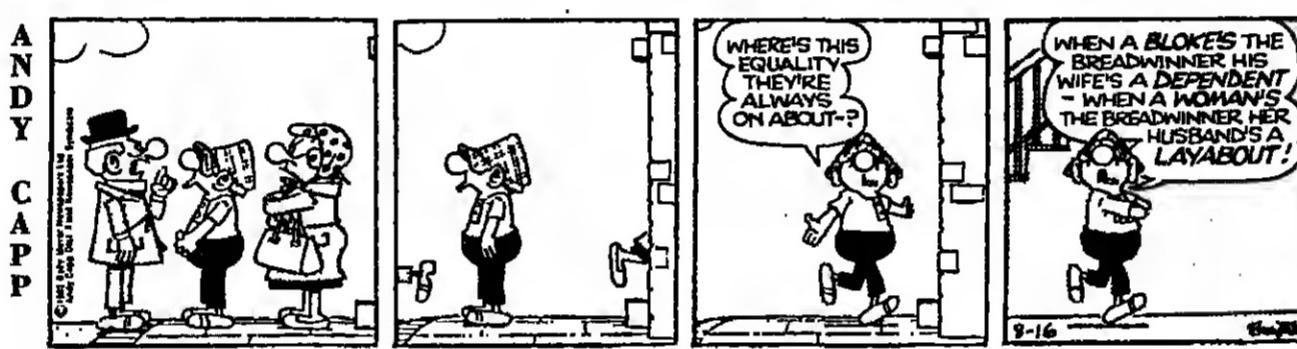
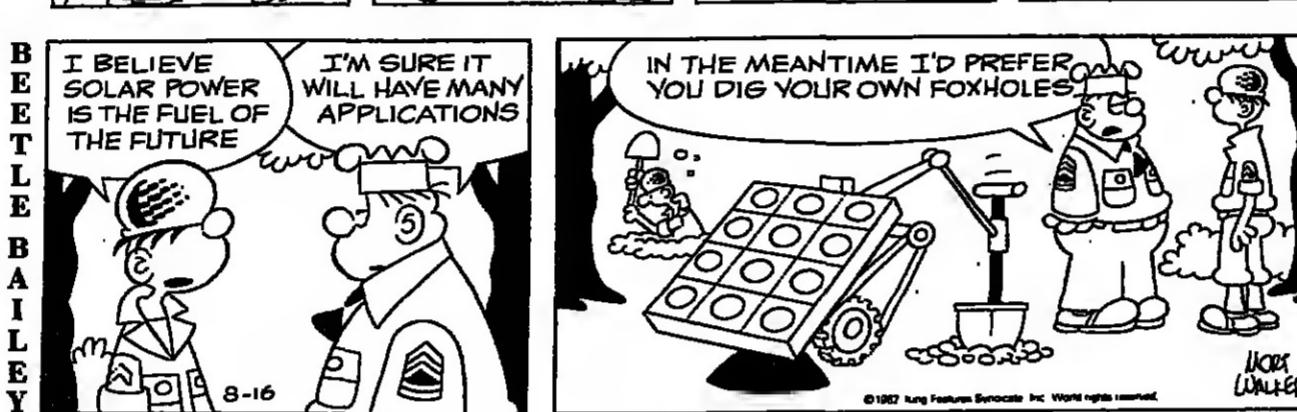
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## THE FRONT PAGE

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## JUMBLE.

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

PETIR

\_\_\_\_\_

HORAC

\_\_\_\_\_

BIRDHY

\_\_\_\_\_

ROTTET

\_\_\_\_\_

Can't it be turned off?

WHAT THE RADIATOR PRODUCED.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: "A" \_\_\_\_\_

## DENNIS THE MENACE



(Answers tomorrow)

Saturday's Jumble: DRYLY OBESE SWIVEL DRIVEL

Answer: What's a parrot? —A WORDY BIRDIE

هذا من الأصل

## BOOKS

## THE ROAD TO OXIANA

By Robert Byron. With a new introduction by Paul Fussell. 292 pp. \$37.95.

Oxford University Press, 200 Madison Ave., New York, N.Y. 10016

Reviewed by Anatole Broyard

FOR years I've heard or read of Robert Byron's "The Road to Oxiana," one of the famous English travel books of the great period between the two World Wars. In his "Broadway," Paul Fussell says that what "Ulysses" is to the novel between the wars and what "The Waste Land" is to poetry, "The Road to Oxiana" is to the travel book.

I tried everywhere to find the book without success. Now, for the first time, Oxford University Press has made it available in the United States and, as I might have expected, the book is a bit of an anticlimax. It's a good book, very good in fact, but I can think of a number — some of them relatively unsung — that are better.

Graham Greene's travel books are more profound: Peter Mayne's "The Alleys of Mirkash" is more charming; so are King Lake's "Eothen" and J.R. Ackerley's "Hindoo Holiday." Eric Newby's "A Short Walk in the Hindu Kush" is funnier, and all of Evelyn Waugh's travel books have more sheer literary merit.

In his introduction to "The Road to Oxiana," Paul Fussell makes a virtue of several of Byron's rather high-handed approaches to travel writing. He seems to think it a virtue that the book is written in a discontinuous style, passing without transition from place to place, day to day, or mood to mood. But while in "The Waste Land" or "Ulysses" these discontinuities are meant to function as deliberate dramatic oppositions, Byron's strike me as determined by the flickerings of his interest. From a literary point of view they seem to be essentially casual or improvisational shifts.

Byron himself complains that reading Proust during his travels has infected him with uncontrolled detail, and indeed he does go on longer than I would have wished in describing certain buildings in Persia and Afghanistan. It seems to me that one would have to have considerable powers of

visualization or an intimate acquaintance with the local architecture to profit by these descriptions.

The best part of "The Road to Oxiana" derives not so much from Byron's scholarly or literary capacities as from his antic disposition. And he is very antic. According to Fussell, he used to escape from school dressed as an elderly woman and in later life liked to attend smart London parties dressed as Queen Victoria. Such a man might just have something original to say about Persia and Afghanistan.

## Invented Conversations

According to Christopher Sykes, his companion during most of his travels, Byron was a very poor linguist, and as a consequence all of the non-English conversations recorded in the book are invented. Though it is generally the case that invented conversations are superior to actual ones, this is a travel book and perhaps it requires a new definition. Perhaps it is closer to something like Henri Michaux's imaginary travels than to the great English tradition of the '20s, '30s and '40s.

Like so many English travelers, Byron goes in for what I would call conspicuous discomfort. He has an ulcerated leg, he sleeps in a garden full of snakes, or scorpions or wasps. His sleeping bag disgorges 22 insects. He consumes inedible food and undrinkable drinks. I am tempted to ask why. What part does this discomfort play in his travels? And the only answer I can suggest is a variation of Thorstein Veblen's conspicuous consumption. Byron suffers his insights; they constitute a painful rite de passage into the world.

He has that wonderful kind of British snobbery that seems to be based entirely on aesthetic criteria on manners and form. It is a fine tool for poking around people and places, and confers an almost enabling insouciance on everything he says and does.

"Mr. Sykes talks to peasants," and so he was refused visas to certain places. Byron complains that "to aspire a sunset in these days is a political indiscretion." Not surprisingly, the local authorities were often unwilling to believe that he was what he said he was: Just a traveler.

He certainly was not just a traveler, but I'm not sure how I would describe his peregrinations. The closest I can come is to say that he seemed to be looking for a place or a culture that would serve as a stage for a drama that he had not yet conceived — that, in fact, may even be inconceivable.

Anatole Broyard is on the staff of The New York Times.

## Solution to Friday's Puzzle

| EGERT   | POOLS      |
|---------|------------|
| SOLOMON | CORNETS    |
| PLACE   | ASCETIC    |
| AIN     | OVATE      |
| HADD    | SELF       |
| INSET   | EES        |
| LOIS    | ARTS       |
| ROC     | EST NOT    |
| GETS    | THINGFDR   |
| ALOE    | ARL REO    |
| RELY    | REAM DRAMA |
| AVE     | COIV ACAP  |
| DARE    | STYLE ALI  |
| ETAMINE | ANOIRON    |
| SENATOR | NOODLING   |
| STREW   | MEADE      |

to establish and utilize a spade trick in dummy, ruffing out East's ace and using dummy's diamonds as entries.

If East had held the spade ten instead of the four, he would have had to avoid a trap. If after taking the ten he had led three rounds of clubs, South would have been able to ruff and lead one more round of trumps. And with the ace-king of diamonds still in the dummy, South would have brought off a rare trump squeeze, fully worthy of the grandmaster rank she was due to earn 14 years later.

North could not bid three no-trump and he was not inclined to rebid his feeble spade suit. Wriggling mentally, he raised his partner to game in hearts. West led the diamond nine, and South had to plan the play.

There were nine tricks in sight, but no obvious tenth unless the diamonds broke favorably. The spades might produce a trick, but for that purpose it was important to preserve entries to the dummy. South therefore won with the diamond queen in her hand and drew trumps.

The no-trump bid by East made it quite clear that the ace-queen of spades were on that side of the table. So South pinned her hopes on the ten, and led her singleton spade to dummy's nine. This deep finesse worked as planned, and East had to win with the queen. Now it was an easy matter to establish and utilize a spade trick in dummy, ruffing out East's ace and using dummy's diamonds as entries.

North and South were vulnerable.

The bidding:

|       |      |       |      |
|-------|------|-------|------|
| North | East | South | West |
| 1♦    | 1NT  | DBL   | 2♦   |
| Pass  | Pass | 3♦    | Pass |
| 4♦    | Pass | Pass  | Pass |

West led the diamond nine.

NORTH(D)  
♦KJ86  
V93  
♦AK8  
♦1082

EAST  
♦I0732  
V1087  
♦988  
♦J973

## SPORTS

**Braves End Loss Streak at 11**

United Press International

The Atlanta Braves broke an 11-game losing streak Saturday night, edging the San Diego Padres, 6-5, when Kuniyoshi Linenzo delivered a pinch-hit, one-out single in shallow center field in the eighth inning.

In the eighth, Bill Pocoroba opened with a walk against Juan Eichelberger and Rafael Ramirez was safe when second baseman Tim Flannery booted his groundball. Terry Harper drew a walk to load the bases, and Linenzo then stroked a 1-1 pitch from Gary Lucas to drive in Pocoroba and Ramirez.

It was Atlanta's first victory since Aug. 2. The Braves had dropped 11 of their last 16 outings in starting from a nine-game lead in the National League West.

Phillies 15, Expos 11

In Montreal, Bill Robinson ignited a nine-run eighth with a single and capped it with a grand slam home run as Philadelphia held on for a 15-11 rain-delayed victory over the Expos. The visitors' Pete Rose had five official at-bats, the first of which established a major-league record of 12,365. The decision broke a three-game losing streak for the Phillies.

Cardinals 4, Pirates 1

In Pittsburgh, Louie Smith hit a two-run homer and Darren Daulton and Mike Ramsey drove home Combined with Atlanta's victory

**Major League Line Scores****Friday's Results**

|             |                   | AMERICAN LEAGUE   |                   |
|-------------|-------------------|-------------------|-------------------|
| Kansas City | 100 600 610—1 7 0 | 100 600 610—1 7 0 | 100 600 610—1 7 0 |
| Detroit     | 100 600 610—1 7 0 | 100 600 610—1 7 0 | 100 600 610—1 7 0 |
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# Détente in the Classroom

By Phyllis Theroux  
*Washington Post Service*

**W**Ashington — A shiny red van pulled up to Janney Elementary School. The children who got off wore the same kind of wash-and-wear outfits that Sears, Roebuck sells across the street. But appearances are deceiving. These children are not like the free-wheeling Janney kids in most ways. They live within a walled compound. Their exposure to U.S. life is infrequent and highly chaperoned outside their compound's walls. This day was no exception — the visiting students were accompanied by the second secretary of their embassy, the press secretary, their headmaster and the embassy, the press secretary, their headmaster and other adults.

Upstairs in her office, Janney's principal, Harriet Murphy, glanced at her wristwatch. Someone poked a head into the office and repeated a movie title: "The Russians are coming!"

"They're 15 minutes late," said Murphy, who runs a very tight ship.

This was the third encounter between a handful

of Soviet and American children who live in Washington. This year, through the efforts of the small, federally funded Embassy Adoption Project, which this year linked 25 elementary schools with as many foreign countries. Through embassy hours, culinary demonstrations, pen-pal exchanges and the holding of a "mini-United Nations," where each school represents its "adopted" country's position on an issue, the program is designed to teach American children that there is more than one way to wear a hat.

## Firsthand Glimpses

The Janney school "adopted" the Soviet Union. Unlike other embassy personnel in Washington, the Russians do not entrust their children to outsiders. Their offspring are entirely educated by them. But, while the Russians rarely open the electronically operated gates of their compound, they did for the Janney fifth and sixth graders who took part in the program. The exchange gave a number of overexposed, media-wise American children an insider's view of what it was like to be a Soviet child.

The first two diplomatic visits between the Soviet and American children (both at Janney) revolved around benign, nonideological subjects. "No cloak and dagger questions," the Janney students had been warned. Using old-fashioned pointers as they spoke about their land, the Soviet children (who speak fair to excellent English) talked about Moscow museums, national dishes and the docking of Soyuz with Apollo.

"All people have equal rights, and there is no national or racial discrimination in Russia," said one of the Soviet students.

The American children listened, kept their own counsel and were given take-home quizzes prepared by the Soviet school. The best scores would win Janney students prizes from the Russians on the final day of the exchange.

A certain kind of détente had been achieved. The Soviet and American children had been suprisingly inspecting each other's foreheads for horns and had not found any. On the playground, in classes, and over each other's prejudices, they discovered that they liked each other, up to a point.

"The Russian people are not different except for their beliefs," said Sharon Henderson.

The Soviet children were virtually indistinguishable from the American children on the playground. Irina Davydov, sixth grade teacher at "The Little Red Schoolhouse" in the Soviet compound, said: "I worry that the wrong children will get back on our bus." But, when singled out for questioning, her pupils were shy and less forthcoming than Janney students.

"I was sort of scared when I first came to this country," said a Soviet sixth grader, Mikhail Borisov. "Some of the American boys threw rocks and apples at us. They always say, 'Hey, come here. You want to fight?'"

Gleb Davydov, the 12-year-old son of Irina and Boris Davydov — Boris is the first secretary at the Soviet Embassy — picked up the diplomatic baton before it hit the pavement. "But most Americans," he interjected, "are nice."

After a basketball match won by the Janney Jaguars, Soviet honor was restored with a cultural performance. For the fourth visit to Janney, the entire

Soviet student body — about 200 children — arrived. Several of the youngest ones wore red buttons bearing a portrait of a chubby-cheeked child — Lenin as a boy. They sat very politely, with their hands in their laps.

The curtain was pulled. Three tiers of Russian children were lined up on the stage. A blond boy sang, in an achingly pure soprano. Four Soviet girls in closely fitting long pants, T-shirts, scarves and a dash of makeup did a restrained, slightly sensuous aerobics dance to the theme of "The Godfather." Katya Dobrynin, the granddaughter of Soviet Ambassador Anatoli F. Dobrynin, was in the front row of the dance. A blond, blue-eyed, self-conscious sparkler, she is said to be the apple of her grandfather's eye.

## Reputation for Secrecy

There are 159 separate diplomatic communities in Washington. But the Russians have always had the strongest reputation for secrecy, inaccessibility and a desire to remain among themselves. Only their highest-ranking officials mix with outsiders regularly. In 1979 the Russians drew the curtain of privacy even closer, erecting a city within a city on several acres of high ground of Wisconsin Avenue.

The Russians may be almost invisible in Washington, but a rough count of the balconies between apartments indicates that they are numerous — and well taken care of. The compound has a full-scale gym, commissary, dining room, theater and swimming pool.

The Russians say they built the compound for security. They say there have been "incidents" which they would rather not discuss. But when it was the Janney children's turn to visit the Soviet school the first time, unaccompanied by their teachers, most of them took one look at the high walls and iron gates and had second thoughts about crossing over into alien territory.

"When I first arrived at the gate, I was scared to death," said a Janney student. Later, when one of the Janney teachers tried to drop off some papers for Irina Davydov, an unseen guard denied, over a loudspeaker, that it was the Soviet compound or that there was a Mrs. Davydov.

## Old-Fashioned Discipline

The Soviet Embassy school is strongly reminiscent of a Catholic parochial school of the 1950s. Discipline is strict. The children stand when reciting, address their teachers formally and are expected to work extremely hard. After the third grade, the children attend school Monday through Saturday. At age 14, all Soviet children are shipped back to the Kremlin or the Soviet seal, accompanied by the "Ode to Joy" from Beethoven's Ninth.

The exchange was officially over at the end of the move. But, unofficially, the most poignant exchange had already taken place. When one of the Janney teachers, Ursula Cossel, had toured the Soviet school that morning, she had dropped in on a fourth grade class and admired some paintings. As she left, the Soviet teacher came up to her with a folded piece of paper and said, "The children made something for you."

Cossel wept on seeing it. It was a message in English:

"Hello kids of American school. We are happy to see you. We want to be your friends. We want peace between kids on earth. Our people don't want war, we want peace. We never went to your school, but we will go next year."

"The Students of the 4 Gray."

One of the children bad drawn a picture under the message of a missile that was broken in half, with a flower growing out of the middle.



American Ursula Helminksi (left) with her Russian student friend Olga Makarova, 13.

terparts in the Soviet Union. They study English grammar more than English or American writers. Fairy tales and Russian writers in translation, or ideological fables about heroic communist children in adverse circumstances, are preferred.

## Grand Finale

The finale of the exchange took place in the Soviet school's massive auditorium. Across the top of a red curtain was emblazoned: "Forward to the Victory of Communism." The Janney test papers were on the podium. Some of the answers had been far from the mark — one suggested that the longest border between the Soviet Union and another country was with Finland, another that the Russian national dish is Swiss cheese. The headmaster, Edward Nikitin, distributed prizes — dolls, books and calendars — to 12 Janney children. The father of one winner had fled the Ukraine in the 1950s.

Then the Russians showed a movie of the 1980 Olympics in Moscow, which the United States had boycotted to protest the Soviet military intervention in Afghanistan. It was a powerful piece of propaganda. Entire flashback sections of the stadium turned into shimmering needlepoint pictures of the Kremlin or the Soviet seal, accompanied by the "Ode to Joy" from Beethoven's Ninth.

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## LETTER FROM INDIA

### Keep a Straight Face

By Tyler Marshall  
*Los Angeles Times Service*

**N**EW DELHI — For the humorist Art Buchwald, it was a rare appearance on the front page.

Buchwald, with tongue in cheek, wrote a column some years back about the supposed overthrow of Mao Tse-tung. An editor for India's largest English-language daily, the Indian Express, took it for a serious news story.

As some recall that incident, all that kept it from stirring up an international furor was the fact that no one at the Chinese Embassy could translate the column into anything that made sense.

The editor's blunder was not hard to understand. In India, humor is rare.

"The curse of India is its lack of humor," said Shankar Pillai, who published the country's only humor magazine for 28 years before closing it down as a money-loser in 1975.

India's political leaders appear to be one of several important factors that serve to suffocate humor.

"Indian politicians look for insults where there are none, and this stifles humor," said Khuswant Singh, editor of the New Delhi daily Hindustan Times whose weekly column stands out as a rare example of crisp, lively wit. "They have an inflated sense of their own importance and there is no humor to deplete them."

## Minister in the Buff

Pillai, who drew many of the political cartoons that appeared in his magazine, recalled that a Cabinet minister was so upset at being depicted in the buff that he appealed to Prime Minister Jawaharlal Nehru to intervene. When Nehru refused, the minister tried bribing Pillai.

The lack of humor is also evident among the educated elite. "Solemnity is very much a part of our intellectual life," said Abu Abraham, a popular free-lance cartoonist. "There is the idea that, if you are funny, people won't take you seriously."

Pillai, who now devotes himself to working with young people, noted that Walt Disney comic books are by far the most popular reading in New Delhi.

"Humor is like everything else we're exposed to from the West," he said. "The coming generations will eventually demand it."

"The stresses of modern life require laughter more than ever, but if you can't get good humor, it flops badly," Amin said. "Maybe we'll one day be able to produce series like 'I Love Lucy.'

In rural India, and in lower-income urban areas, an oppressive climate and the struggle to exist leave little opportunity to appreciate the funnier side of life. Among the small educated elite, those whodabble in humor usually do so in English, a language many of them speak fluently, though it is essentially alien to the culture around them.

"It's hard to be humorous in borrowed language," said Abraham, the cartoonist. "No matter how well you know it, the turn of phrase that creates good wit isn't there."

## Minority Sensitivity

But humor is also hemmed in by the sensitivities of India's countless linguistic, cultural and religious minorities. Even the Sikhs, so apart from other Indians not only by their turbans but by a hawd sense of humor, are sensitive to any hint of a slight by outsiders.

When a New Delhi newspaper marked the election last month of India's first Sikh president, Zail Singh, with a drawing of a turban atop the presidential palace's flagpole, it received angry letters labeling the drawing an insult.

Much of the humor that does exist in India seems to come from the south, especially Kerala, where there is a combination of literacy, keen political awareness and egalitarian tradition. Pillai, Abraham and other prominent political cartoonists come from Kerala.

There are some hopeful signs that laughter might eventually have a future elsewhere as well. The film critic Amita Malik noted recently that Bombay's prolific motion picture industry has in recent years experimented successfully with bedroom comedies.

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"Humor is like everything else we're exposed to from the West," he said. "The coming generations will eventually demand it."

William Safire's language column will resume next Monday.



John Whiteman, The Washington Post  
Basketball at Soviet compound.

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